

MANCELONA PUBLIC SCHOOLS
REPORT ON FINANCIAL STATEMENTS
JUNE 30, 2007

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MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditors' Report	i-ii
Management's Discussion and Analysis	iii-x
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	1
Statement of Activities	2
Fund Financial Statements	
Balance Sheet - Governmental Funds	3
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Assets	4
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	5
Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Funds to the Statement of Activities	6
Fiduciary Funds	
Statement of Fiduciary Net Assets	7
Notes to Financial Statements	8-24
Required Supplementary Information	
Budgetary Comparison Schedule - General Fund	25
Combining and Individual Fund Financial Statements	
Nonmajor Governmental Fund Types	
Combining Balance Sheet	26
Combining Statement of Revenues, Expenditures, and Changes In Fund Balances	27
Financial Statements of Individual Funds	
<u>Major Funds</u>	
<u>General Fund</u>	
Comparative Balance Sheet	28
Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual	29-30
Analysis of Revenues - Budget and Actual	31-32
Analysis of Expenditures - Budget and Actual	33-39

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS

	<u>PAGE</u>
<u>2004 Debt Retirement Fund</u>	
Comparative Balance Sheet	40
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	41
<u>Non Major Funds</u>	
<u>Special Revenue (School Service) Funds</u>	
<u>Food Service Fund</u>	
Comparative Balance Sheet	42
Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual	43
<u>Athletic Activities Fund</u>	
Comparative Balance Sheet	44
Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual	45
<u>Latch Key Fund</u>	
Comparative Balance Sheet	46
Schedule of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual	47
<u>Debt Retirement Funds</u>	
<u>2005 Debt Retirement Fund</u>	
Comparative Balance Sheet	48
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	49
<u>Durant Debt Retirement Fund</u>	
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	50
<u>Capital Projects Funds</u>	
<u>Sinking Fund</u>	
Comparative Balance Sheet	51
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	52
<u>Stadium Capital Projects Fund</u>	
Comparative Balance Sheet	53
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	54

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS

	<u>Page</u>
<u>Agency Fund</u>	
Statement of Cash Receipts, Disbursements and Balance	55-57
Other Information	
Schedule of 2006 Tax Roll	58-59
2004 Refunding Bonds	60
2005 Refunding Bonds	61-62
Durant Bonds	63

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August 2, 2007

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Mancelona Public Schools
Mancelona, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Mancelona Public Schools, Mancelona, Michigan, as of and for the year ended June 30, 2007, which collectively comprise the Districts' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Mancelona Public Schools' management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mancelona Public Schools, Mancelona, Michigan, as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2007, on our consideration of Mancelona Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages iii through x and 25, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mancelona Public Schools, Mancelona, Michigan basic financial statements. The combining and individual nonmajor fund financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P

Baird, Cotter & Bishop, P.C.

**Mancelona Public Schools
Mancelona, Michigan
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007**

Mancelona Public Schools, a K-12 school district serving residents in Antrim and Kalkaska Counties, Michigan, has a caring and committed staff that strives to meet the highest educational standards. The district prides itself on an outstanding Early Childhood Program which includes an on-site daycare center, an early childhood program geared toward children with special needs, and a Readiness 4 Preschool Program. Encouraging family and community involvement through organizations and tools such as Mancelona Communities in Schools, Get Involved (parent group), Mancelona Educational Foundation and Powerschool is also important to the district's achievement. In addition, the district is fortunate to have the Resource Center and Ironmen Health center which are both vital to the district's success. Twelve percent of the district's 1,143 student population are "Schools of Choice" coming from Alba, Bellaire, East Jordan, Elk Rapids, Forest Area, Traverse City Area Public Schools, and Kalkaska. Mancelona Public Schools is proud of their athletic, band, choir, woodshop, drafting, home economics and art programs.

Mancelona Public Schools has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Mancelona Public Schools administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2007.

Generally accepted accounting principles (GAAP), according to GASB 34, require the reporting of two types of financial statements: fund financial statements and government-wide financial statements.

A. Fund Financial Statements

The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, school districts' major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds. These include Special Revenue Funds, Debt Service Funds, and Capital Projects Funds.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition with no asset being reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years' debt service are not recorded in the fund financial statements.

**Mancelona Public Schools
Mancelona, Michigan
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007**

B. Government-Wide Financial Statements

These statements are calculated using full accrual accounting and more closely resemble those presented by business and industry. The District's entire assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the bonded debt of the District.

C. Summary of Net Assets

The following schedule summarizes the net assets at fiscal year ended June 30,

	<u>2007</u>	<u>2006</u>
Assets		
Current Assets	\$ 3,014,503	\$ 2,369,426
Non Current Assets		
Capital Assets	\$ 19,187,268	\$ 19,087,021
Less Accumulated Depreciation	<u>(6,832,731)</u>	<u>(6,431,358)</u>
Total Non Current Assets	<u>\$ 12,354,537</u>	<u>\$ 12,655,663</u>
Total Assets	<u><u>\$ 15,369,040</u></u>	<u><u>\$ 15,025,089</u></u>
Liabilities		
Current Liabilities	\$ 2,270,795	\$ 2,286,241
Non Current Liabilities	<u>11,422,502</u>	<u>12,137,838</u>
Total Liabilities	<u>\$ 13,693,297</u>	<u>\$ 14,424,079</u>
Net Assets		
Invested in Capital Assets Net of Related Debt (Deficit)	\$ 367,455	\$ (68,965)
Restricted	771,288	147,573
Unrestricted	<u>537,000</u>	<u>522,402</u>
Total Net Assets	<u>\$ 1,675,743</u>	<u>\$ 601,010</u>
Total Liabilities and Net Assets	<u><u>\$ 15,369,040</u></u>	<u><u>\$ 15,025,089</u></u>

D. Analysis of Financial Position

During the fiscal year ended June 30, 2007, the District's net assets increased by \$1,074,733. A few of the more significant factors affecting net assets during the year are discussed below:

**Mancelona Public Schools
Mancelona, Michigan
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007**

1. Depreciation Expense

GASB 34 requires school districts to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation is a reduction in net assets.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2007, \$401,373 was recorded for depreciation expense.

2. Capital Outlay Acquisitions

For the fiscal year ended June 30, 2007, \$100,247 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets, the write off of the assets disposed of during the year, and the current year's depreciation is a net decrease in capital assets in the amount of \$301,126 for the fiscal year ended June 30, 2007.

E. Results of Operations

For the years ended June 30, the results of operations, on a District-wide basis, were:

	2007		2006	
	Amount	% of Total	Amount	% of Total
General Revenues				
Property Taxes	\$ 5,017,137	40.44%	\$ 4,670,330	39.16%
Investment Earnings	107,735	0.87%	87,225	0.73%
State Sources	4,692,671	37.82%	4,673,747	39.19%
Gain on Sale of Capital Assets	0	0.00%	7,405	0.06%
Other	197,120	1.59%	278,334	2.33%
Total General Revenues	<u>\$ 10,014,663</u>	<u>80.72%</u>	<u>\$ 9,717,041</u>	<u>81.47%</u>
Program Revenues				
Charges for Services	\$ 401,468	3.24%	\$ 403,254	3.38%
Operating Grants	1,991,367	16.05%	1,806,412	15.15%
Total Program Revenues	<u>\$ 2,392,835</u>	<u>19.29%</u>	<u>\$ 2,209,666</u>	<u>18.53%</u>
 Total Revenues	 <u><u>\$ 12,407,498</u></u>	 <u><u>100.01%</u></u>	 <u><u>\$ 11,926,707</u></u>	 <u><u>100.00%</u></u>

**Mancelona Public Schools
Mancelona, Michigan
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007**

Expenses	2007		2006	
	Amount	% of Total	Amount	% of Total
Instruction	\$ 5,864,468	51.76%	\$ 6,186,003	53.31%
Supporting Services	3,848,732	33.96%	3,881,442	33.45%
Food Service Activities	463,889	4.09%	481,501	4.15%
Athletic Activities	219,902	1.94%	191,979	1.65%
Custody and Care of Children	246,396	2.17%	233,334	2.01%
Community Services	1,879	0.02%	8,157	0.07%
Facilities Acquisition	3,775	0.03%	4,588	0.04%
Prior Period Adjustment	49,137	0.43%	1,680	0.01%
Interest on Long-Term Debt	586,733	5.18%	565,597	4.87%
Other Transactions	16,959	0.15%	30,882	0.27%
Unallocated Depreciation	30,895	0.27%	19,617	0.17%
Total Expenses	<u>\$ 11,332,765</u>	<u>100.00%</u>	<u>\$ 11,604,780</u>	<u>100.00%</u>
Change in Net Assets	<u>\$ 1,074,733</u>		<u>\$ 321,927</u>	

F. Analysis of Significant Revenues and Expenses

Significant revenues and expenses are discussed in the segments below:

1. Property Taxes

The District levies 18 mills of property taxes for operations on non-homestead properties. According to Michigan law, the taxable levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer's Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is half of the property's market value.

For the 2006-2007 fiscal year, the District levied \$3,142,663 in non-homestead property taxes. This represented an increase of 6.30% from the prior year. The amount of unpaid property taxes at June 30, 2007, was \$41,549.

The following table summarizes the non-homestead property tax levies for operations for the past five years:

**Mancelona Public Schools
Mancelona, Michigan
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007**

<u>Fiscal Year</u>	<u>Non-Homestead Tax Levy</u>	<u>% Increase (Decrease) from Prior Year</u>
2006-2007	\$ 3,142,663	6.30%
2005-2006	2,956,398	5.02%
2004-2005	2,815,021	6.20%
2003-2004	2,650,861	4.63%
2002-2003	2,533,644	6.88%

2. State Sources

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on pupil membership counts taken in February and September of 2004, 2005 and 2006. For the 2005-2006 fiscal year, the District received \$6,875 per student FTE. For the 2006-2007 fiscal year, the district per pupil funding equated to \$7,085.

3. Student Enrollment

The following schedule summarizes the blended student enrollment for the past five fiscal years:

<u>Fiscal Year</u>	<u>Blended Student FTE</u>	<u>FTE Change from Prior Year</u>
2006-2007	1,143	(5)
2005-2006	1,148	(50)
2004-2005	1,198	(10)
2003-2004	1,208	88
2002-2003	1,120	63

4. Operating Grants

The District funds a significant portion of its operations with categorical sources. For the fiscal year ended June 30, 2007, federal, state, and other grants accounted for \$1,991,367. This represents an increase of total grant sources of \$184,955 from the total grant sources received for the 2005-2006 fiscal year.

**Mancelona Public Schools
Mancelona, Michigan
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007**

5. Comparative Expenditures

A comparison of the expenditures reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances is shown below:

<u>Expenditures by Fund Type</u>	<u>2006-2007 Fiscal Year</u>	<u>2005-2006 Fiscal Year</u>	<u>Increase (Decrease)</u>
General Fund	\$ 9,324,771	\$ 9,988,276	\$ (663,505)
Food Service Fund	460,913	478,525	(17,612)
Athletic Activities Fund	228,260	191,687	36,573
Latch Key Fund	252,496	233,334	19,162
Debt Service Funds	1,238,929	1,685,153	(446,224)
Capital Projects Funds	212,088	165,720	46,368
Total Expenditures	<u>\$ 11,717,457</u>	<u>\$ 12,742,695</u>	<u>\$ (1,025,238)</u>

<u>Expenditures by Function</u>	<u>2006-2007 Fiscal Year</u>	<u>2005-2006 Fiscal Year</u>	<u>Increase (Decrease)</u>
Instruction	\$ 5,807,751	\$ 6,236,522	\$ (428,771)
Supporting Services	3,485,086	3,654,337	(169,251)
Food Service Activities	460,913	478,525	(17,612)
Athletic Activities	228,260	191,687	36,573
Custody & Care of Children	252,496	233,334	19,162
Community Services	1,849	8,157	(6,308)
Facilities Acquisition	89,272	143,190	(53,918)
Prior Period Adjustments	49,137	1,680	47,457
Debt Service	1,325,704	1,764,381	(438,677)
Other Transactions	16,959	30,882	(13,923)
Total Expenditures	<u>\$ 11,717,427</u>	<u>\$ 12,742,695</u>	<u>\$ (1,025,268)</u>

G. General Fund Budgetary Highlights

The Uniform Budgeting and Accounting Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

**Mancelona Public Schools
Mancelona, Michigan
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007**

For the 2006-2007 fiscal year, the District amended the General Fund budget twice, with the Board adopting the changes in January and June 2007. The following schedule shows a comparison of the original General Fund budget, the final amended General Fund budget, and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Total Revenues	<u>\$ 9,167,497</u>	<u>\$ 9,644,126</u>	<u>\$ 9,641,744</u>	<u>\$ (2,382)</u>
Expenditures				
Instruction	\$ 5,870,158	\$ 5,882,239	\$ 5,807,751	\$ (74,488)
Supporting Services	3,317,147	3,476,717	3,362,471	(114,246)
Community Services	1,800	2,064	1,879	(185)
Prior Period Adjustments	0	48,910	49,137	227
Debt Service	0	87,491	87,417	(74)
Other Transactions	<u>269,491</u>	<u>21,100</u>	<u>16,116</u>	<u>(4,984)</u>
Total Expenditures	<u>\$ 9,458,596</u>	<u>\$ 9,518,521</u>	<u>\$ 9,324,771</u>	<u>\$ (193,750)</u>

The original revenue and other financing sources budget of \$9,167,497 was increased to \$9,644,126 primarily as a result of unanticipated state and federal monies received, as well as an increase in fall enrollment over what was estimated.

Final budgeted expenditures mainly increased due to changes in insurance for administrators, teachers, and full-time support staff.

H. Capital Asset and Debt Administration

1. Capital Assets

By the end of the 2006-2007 fiscal year, the District had invested \$12,354,537 in a broad range of capital assets, including school buildings and facilities, construction in progress, school buses and other vehicles, and various types of equipment. This represents a net decrease of approximately \$301,126 from the prior fiscal year. Depreciation expense for the year amounted to \$401,373 bringing the accumulation to \$6,832,731 as of June 30, 2007.

**Mancelona Public Schools
Mancelona, Michigan
Management's Discussion and Analysis
For Fiscal Year Ended June 30, 2007**

2. Long-Term Debt

At June 30, 2007, the District had \$13,126,221 in long-term debt outstanding. This represents a decrease of \$791,550 over the amount outstanding at the close of the prior fiscal year. New debt incurred during the year was \$105,403 of early retirement incentives. \$896,953 of debt was retired during the year.

I. Factors Bearing on the District's Future

At the time that these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

- We continue to be very concerned about the State of Michigan's revenue outlook. The State Aid bill for the 2007-2008 school year has not been determined and is not expected to be finalized until after school starts. The current economic climate in Michigan creates a great deal of uncertainty for school funding this year and into the future for our district, as well as any other school district in the state.
- Because of economic conditions and unemployment rates, the State of Michigan as a whole, as well as Northwest Michigan, has experienced families moving out of our schools. As one could predict, Mancelona Public Schools has experienced difficulty in predicting enrollment due to this economic situation. If this trend continues and since funding is based on enrollment, it will continue to pose a real challenge in maintaining financial stability while continuing current educational programming.
- Additionally, the State increased the retirement rate to 17.74% for school year 2006-07. The retirement rate is expected to decrease to 16.72% for 2007-08.

J. Contacting the District's Financial Management

- This financial report is designed to provide District citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate accountability for the money it receives. Questions relating to this report, or for additional financial information, may be addressed to the Business Manager, Mancelona Public Schools, 112 St. John Street, Mancelona, MI 49659.

MANCELONA PUBLIC SCHOOLS

MANCELONA, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2007

	GOVERNMENTAL ACTIVITIES
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$ 1,482,205
Taxes Receivable	41,549
Accounts Receivable	26,270
Due from Other Governments	1,099,750
Inventories	31,457
Prepaid Expenses	55,353
Investments	277,919
Total Current Assets	<u>\$ 3,014,503</u>
<u>NONCURRENT ASSETS</u>	
Capital Assets	\$ 19,187,268
Less Accumulated Depreciation	(6,832,731)
Total Noncurrent Assets	<u>\$ 12,354,537</u>
TOTAL ASSETS	<u><u>\$ 15,369,040</u></u>
<u>LIABILITIES AND NET ASSETS</u>	
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$ 32,389
Accrued Expenses	397,962
Accrued Interest Payable	49,199
Salaries Payable	745,954
Deferred Revenue	109,917
Current Portion of Noncurrent Liabilities	935,374
Total Current Liabilities	<u>\$ 2,270,795</u>
<u>NONCURRENT LIABILITIES</u>	
Bonds Payable	\$ 12,574,587
Less Deferred Loss on Early Extinguishment of Debt	(768,346)
Equipment Contracts Payable	180,841
Compensated Absences	151,044
Early Retirement Incentives	219,750
Less Current Portion of Noncurrent Liabilities	(935,374)
Total Noncurrent Liabilities	<u>\$ 11,422,502</u>
Total Liabilities	<u>\$ 13,693,297</u>
<u>NET ASSETS</u>	
Invested in Capital Assets Net of Related Debt	\$ 367,455
Restricted	771,288
Unrestricted	537,000
Total Net Assets	<u>\$ 1,675,743</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 15,369,040</u></u>

The accompanying notes are an integral part of these financial statements.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2007

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		GOVERNMENTAL
		CHARGES FOR SERVICES	OPERATING GRANTS	ACTIVITIES
				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
<u>GOVERNMENTAL ACTIVITIES</u>				
Instruction				
Basic Programs	\$ 4,757,936	\$ 20,160	\$ 286,352	\$ (4,451,424)
Added Needs	1,106,532	0	814,837	(291,695)
Supporting Services				
Pupil	501,189	25,886	309,100	(166,203)
Instructional Staff	115,505	0	29,780	(85,725)
General Administration	269,495	0	1,600	(267,895)
School Administration	565,196	0	0	(565,196)
Business	210,203	0	0	(210,203)
Operation and Maintenance	1,345,732	0	8,986	(1,336,746)
Pupil Transportation Services	690,343	0	346	(689,997)
Central Services	151,069	0	0	(151,069)
Food Service Activities	463,889	133,191	390,363	59,665
Athletic Activities	219,902	52,936	8,997	(157,969)
Custody and Care of Children	246,396	156,360	71,128	(18,908)
Community Services	1,879	12,935	1,815	12,871
Facilities Acquisition	3,775	0	0	(3,775)
Prior Period Adjustment	49,137	0	68,063	18,926
Interest on Long Term Debt	586,733	0	0	(586,733)
Other Transactions	16,959	0	0	(16,959)
Unallocated Depreciation	30,895	0	0	(30,895)
Total Governmental Activities	<u>\$11,332,765</u>	<u>\$ 401,468</u>	<u>\$ 1,991,367</u>	<u>\$ (8,939,930)</u>
<u>GENERAL REVENUES</u>				
Property Taxes - General Purposes				\$ 3,161,882
Property Taxes - Debt Service				1,743,875
Property Taxes - Sinking Fund				111,380
Unrestricted Investment Earnings				107,735
State Sources				4,692,671
Other				197,120
Total General Revenues				<u>\$ 10,014,663</u>
Change in Net Assets				\$ 1,074,733
<u>NET ASSETS</u> - Beginning of Year				601,010
<u>NET ASSETS</u> - End of Year				<u>\$ 1,675,743</u>

The accompanying notes are an integral part of these financial statements.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	GENERAL	2004 DEBT RETIREMENT	OTHER NONMAJOR GOVERNMENTAL	TOTAL GOVERNMENTAL
<u>ASSETS</u>	FUND	FUND	FUNDS	FUNDS
Cash	\$ 603,535	\$ 499,465	\$ 379,205	\$ 1,482,205
Taxes Receivable	30,448	5,542	5,559	41,549
Accounts Receivable	15,072	0	11,198	26,270
Due from Other Funds	0	5,191	2,054	7,245
Due from Other Governments	1,081,302	0	18,448	1,099,750
Inventory	16,058	0	15,399	31,457
Prepaid Expenditures	55,353	0	0	55,353
Investments	277,919	0	0	277,919
 TOTAL ASSETS	 \$ 2,079,687	 \$ 510,198	 \$ 431,863	 \$ 3,021,748
 <u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 26,160	\$ 0	\$ 6,229	\$ 32,389
Accrued Expenditures	389,652	0	8,310	397,962
Salaries Payable	728,451	0	17,503	745,954
Due to Other Funds	7,245	0	0	7,245
Deferred Revenue	140,365	5,542	5,559	151,466
 Total Liabilities	 \$ 1,291,873	 \$ 5,542	 \$ 37,601	 \$ 1,335,016
 <u>FUND BALANCES</u>				
Reserved for:				
Inventory	\$ 16,058	\$ 0	\$ 15,399	\$ 31,457
Prepaid Expenditures	55,353	0	0	55,353
Debt Service	0	504,656	250,978	755,634
Stadium Improvements	0	0	4,553	4,553
Designated for:				
Forestry	26,195	0	0	26,195
Food Service	0	0	65,646	65,646
Athletics	0	0	1,347	1,347
Custody and Care of Children	0	0	22,525	22,525
Unreserved, Undesignated	690,208	0	33,814	724,022
 Total Fund Balances	 \$ 787,814	 \$ 504,656	 \$ 394,262	 \$ 1,686,732
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 2,079,687	 \$ 510,198	 \$ 431,863	 \$ 3,021,748

The accompanying notes are an integral part of these financial statements.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF NET ASSETS

JUNE 30, 2007

Total Governmental Fund Balances	\$ 1,686,732
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Amounts reported for governmental activities in the
statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and
are not reported in the funds

The cost of the capital assets is	\$ 19,187,268	
Accumulated depreciation is	<u>(6,832,731)</u>	12,354,537

Property taxes receivable in governmental activities are deferred unless they are collected within sixty days of year end.	41,549
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Long term liabilities are not due and payable in the current period and are not
reported in the funds

Loans Payable	(180,841)
Bonds Payable (Net of Deferred Charge)	(11,806,241)
Compensated Absences	(151,044)
Early Retirement Incentives	(219,750)

Accrued interest is not included as a liability in governmental funds, it is recorded when paid	<u>(49,199)</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,675,743</u></u>
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The accompanying notes are an integral part of these financial statements.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	GENERAL FUND	2004 DEBT RETIREMENT FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Local Sources	\$ 3,368,017	\$ 907,258	\$ 1,430,519	\$ 5,705,794
State Sources	5,560,806	9,410	26,986	5,597,202
Federal Sources	424,327	0	369,531	793,858
Other Transactions	288,594	0	0	288,594
Total Revenues	\$ 9,641,744	\$ 916,668	\$ 1,827,036	\$ 12,385,448
<u>EXPENDITURES</u>				
Instruction				
Basic Programs	\$ 4,701,219	\$ 0	\$ 0	\$ 4,701,219
Added Needs	1,106,532	0	0	1,106,532
Supporting Services				
Pupil	501,189	0	0	501,189
Instructional Staff	115,505	0	0	115,505
General Administration	269,495	0	0	269,495
School Administration	565,196	0	0	565,196
Business	210,203	0	0	210,203
Operation and Maintenance	947,895	0	122,615	1,070,510
Pupil Transportation Services	601,919	0	0	601,919
Central Services	151,069	0	0	151,069
Food Service Activities	0	0	460,913	460,913
Athletic Activities	0	0	228,260	228,260
Custody and Care of Children	0	0	252,496	252,496
Community Services	1,879	0	0	1,879
Facilities Acquisition	0	0	89,272	89,272
Prior Period Adjustments	49,137	0	0	49,137
Debt Service				
Principal	79,702	285,000	480,000	844,702
Interest	7,715	303,968	169,319	481,002
Other Transactions	16,116	551	292	16,959
Total Expenditures	\$ 9,324,771	\$ 589,519	\$ 1,803,167	\$ 11,717,457
Excess (Deficiency) of Revenues				
Over Expenditures	\$ 316,973	\$ 327,149	\$ 23,869	\$ 667,991
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	\$ 0	\$ 0	\$ 167,000	\$ 167,000
Transfers Out	(167,000)	0	0	(167,000)
Total Other Financing Sources (Uses)	\$ (167,000)	\$ 0	\$ 167,000	\$ 0
Net Change in Fund Balance	\$ 149,973	\$ 327,149	\$ 190,869	\$ 667,991
<u>FUND BALANCE</u> - Beginning of Year	637,841	177,507	203,393	1,018,741
<u>FUND BALANCE</u> - End of Year	\$ 787,814	\$ 504,656	\$ 394,262	\$ 1,686,732

The accompanying notes are an integral part of these financial statements.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2007

Net Change in Fund Balances Total Governmental Funds	\$ 667,991
Amounts reported for governmental activities are different because:	
In governmental funds property taxes receivable are deferred unless they are collected within sixty days of year end.	
Deferred Property Tax Revenue - Beginning of Year	(19,499)
Deferred Property Tax Revenue - End of Year	41,549
Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation.	
Depreciation Expense	(401,373)
Capital Outlay	100,247
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued Interest Payable - Beginning of Year	50,624
Accrued Interest Payable - End of Year	(49,199)
Costs related to issuance of long term debt and losses on early defeasance of long term debt are a current expense in governmental funds, but are capitalized and amortized in the statement of activities.	
Amortization of Deferred Charge	(107,156)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities)	
	844,702
Employees Early Retirement and Compensated Absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Compensated Absences - Beginning of Year	317,641
Compensated Absences - End of Year	(370,794)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 1,074,733</u>

The accompanying notes are an integral part of these financial statements.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

JUNE 30, 2007

	<u>AGENCY FUND</u>
<u>ASSETS</u>	
Cash	<u>\$ 102,863</u>
<u>LIABILITIES AND NET ASSETS</u>	
<u>LIABILITIES</u>	
Due to Groups and Organizations	\$ 102,863
<u>NET ASSETS</u>	<u>0</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 102,863</u>

The accompanying notes are an integral part of these financial statements.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Mancelona Public Schools have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The School District is located in Antrim and Kalkaska Counties with its administrative offices located in Mancelona, Michigan. The District operates under an elected 7-member board of education and provides services to its 1,143 students in elementary, middle school, high school, special education, transportation, food service, athletics and child care. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. The District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement No. 14.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use or directly benefit from goods or services by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Foundation Aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenues but instead as *general revenues*.

In the government-wide statement of net assets, the governmental activities column is presented on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

are reported in three parts – invested in capital assets, net of related debt, restricted net assets; and unrestricted net assets.

The District first utilizes restricted resources to finance qualifying activities.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues and charges, etc.) The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, interest income and other revenues.)

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental Funds – Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following major governmental funds:

The *GENERAL FUND* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *2004 DEBT RETIREMENT FUND* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Other Non-Major Funds

The *SPECIAL REVENUE FUNDS* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

District accounts for its food service, athletic activities and child care activities in the special revenue funds.

The *DEBT SERVICE FUNDS* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds. The 2005 Debt Retirement Fund and Durant Debt Retirement Fund are nonmajor funds.

The *CAPITAL PROJECTS FUNDS* account for the acquisition of capital assets or construction of major capital projects.

Fiduciary Funds

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

The *AGENCY FUND* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

C. Measurement Focus, Basis of Accounting and Basis of Presentation

Accrual Method

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual Method

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred,

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2007, the foundation allowance was based on pupil membership counts taken in February and September of 2006, 2005, and 2004. For the year ended June 30, 2007, the per pupil foundation allowance was \$7,085 for Mancelona Public Schools.

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and was funded through payments from October 2006 to August 2007. Thus, the unpaid portion at June 30th is reported as due from other governments.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

D. Other Accounting Policies

1. Cash and Investments

Cash includes amounts in demand deposits.

Investments are carried at market value.

The District complies with State statutes regarding investment of funds.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

The Board policy on investment of funds authorizes the School District to invest as follows:

- (a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States Government, or obligations of the state.
- (b) Certificates of deposit issued by any state or national bank organized and authorized to operate in this state.
- (c) Commercial paper rated prime 1 or prime 2 at the time of purchase and maturing not more than 270 days after the date of purchase.
- (d) Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
- (e) Investment pools, as authorized by the Surplus Funds Investment Pool Act, Act No 367 of the Public Acts of 1982, being sections 129.111 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district

The School's deposits and investments are held separately by several of the School District's funds.

2. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. Property taxes are assessed as of January 1 and billed and due July 1. Unpaid taxes become delinquent as of September 14th and are subject to penalties and interest after that date.

For the year ended June 30, 2007, the District levied the following amounts per \$1,000 of taxable valuation:

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

<u>Fund</u>	<u>Mills</u>
General Fund – Non-homestead	18.0000
Debt Service Funds – Homestead and non-homestead	6.0000
Sinking Fund – Homestead and non-homestead	0.3838

4. Inventories and Prepaid Expenditures

Inventories are valued at cost. Inventory consists of supplies held for consumption. Inventories are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

5. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings additions and land improvements	20 – 50 years
Furniture and other equipment	5 – 15 years

The District's capitalization policy is to capitalize individual general assets exceeding \$5,000, and individual technology assets regardless of cost.

6. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. The amount allowable to be compensated for depends on the position and the longevity of the individual employee. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. The District has elected to apply the provisions of GASB 34 paragraph 146 which allows the amortization of premiums, discounts and bond issuance costs to be applied prospectively for all bonds issued after July 1, 2002.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Reservations of fund balance are for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Use of Estimates

The process of preparing basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue and debt service funds.

Encumbrance accounting is not employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) lapse at year-end and do not constitute expenditures or liabilities because the commitments will generally be reappropriated and honored during the subsequent year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

1. The superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations if any are noted in the required supplementary information section.
4. The superintendent is charged with general supervision of the budgets and holds the department heads responsible for performance of their responsibilities.
5. During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
6. Budgeted amounts are as originally adopted on June 20, 2006, or as amended by the School Board of Education in January and June 2007.

B. Food Service Fund expenditures of \$460,913 exceeded appropriations of \$453,068. The overage was funded with higher than anticipated revenues.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits

The District's deposits and investments are all on deposit with National City Bank, Traverse Bay Area Credit Union, Alden State Bank and Michigan Liquid Asset Fund Plus.

Investment rate risk. The District minimizes Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the District's cash requirement.

Foreign currency risk. The District is not authorized to invest in investments which have this type of risk.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Credit risk. The District minimizes Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the District will do business in accordance with the District's investment policy.

Concentration of credit risk. The District minimizes Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. As of June 30, 2007, \$1,010,910 of the District's bank balance of \$1,639,743 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered, or securities held by the District or the District's agent in the District's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the District's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the District's name. At year end all of the District's investments were uncategorized as to risk.

At year end, the only investments were investment trust funds.

Investments not subject to categorization:

Michigan Liquid Asset Fund	\$277,919
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MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

B. Capital Assets

A summary of changes in the District's capital assets follows:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Capital assets not being depreciated				
Land	\$ 118,713	\$ 0	\$ 0	\$ 118,713
Construction in Progress	73,876	0	73,876	0
Subtotal	<u>\$ 192,589</u>	<u>\$ 0</u>	<u>\$ 73,876</u>	<u>\$ 118,713</u>
Capital assets being depreciated				
Land improvements	\$ 549,927	\$ 159,373	\$ 0	\$ 709,300
Buildings and additions	16,639,105	6,100	0	16,645,205
Machinery and equipment	833,465	8,650	0	842,115
Transportation equipment	871,935	0	0	871,935
Subtotal	<u>\$ 18,894,432</u>	<u>\$ 174,123</u>	<u>\$ 0</u>	<u>\$ 19,068,555</u>
Less accumulated depreciation for:				
Land improvements	\$ 239,267	\$ 22,705	\$ 0	\$ 261,972
Buildings and additions	5,147,297	267,309	0	5,414,606
Machinery and equipment	682,177	22,935	0	705,112
Transportation equipment	362,617	88,424	0	451,041
Accumulated Depreciation	<u>\$ 6,431,358</u>	<u>\$ 401,373</u>	<u>\$ 0</u>	<u>\$ 6,832,731</u>
Net capital assets being depreciated	<u>\$ 12,463,074</u>	<u>\$ (227,250)</u>	<u>\$ 0</u>	<u>\$ 12,235,824</u>
Net capital assets	<u>\$ 12,655,663</u>	<u>\$ (227,250)</u>	<u>\$ 73,876</u>	<u>\$ 12,354,537</u>

Depreciation for the fiscal year ended June 30, 2007, was charged to the following functions:

Basic Programs	\$ 3,564
Operation and Maintenance	275,222
Pupil Transportation	88,424
Food Service Activities	2,976
Athletic Activities	292
Unallocated	30,895

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

C. Receivables

Receivables as of year end for the government's individual major funds and nonmajor funds in the aggregate; including the applicable allowances for uncollectible accounts, are as follows:

	GENERAL FUND	2004 DEBT FUND	OTHER NONMAJOR FUNDS	TOTAL
Receivables				
Taxes	\$ 30,448	\$ 5,542	\$ 5,559	\$ 41,549
Due from Other Governments	1,081,302	0	18,448	1,099,750
Accounts	15,072	0	11,198	26,270
Total Receivables	<u>\$ 1,126,822</u>	<u>\$ 5,542</u>	<u>\$ 35,205</u>	<u>\$ 1,167,569</u>

The allowance for doubtful accounts is not considered to be material for disclosure.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Grant Receipts Received, But Not Yet Utilized	\$ 0	\$ 109,917
Property Taxes	41,549	0
	<u>\$ 41,549</u>	<u>\$ 109,917</u>

D. Long-Term Debt

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

The following is a summary of governmental long-term obligations for the District for the year ended June 30, 2007:

	Early Retirement Incentives and Compensated Absences	Bonds	Equipment Loans	Total
<u>Balance:</u>				
July 1, 2006	\$ 317,642	\$ 13,339,586	\$ 260,543	\$ 13,917,771
Additions	105,403	0	0	105,403
Deletions	(52,251)	(765,000)	(79,702)	(896,953)
<u>Balance:</u>				
June 30, 2007	\$ 370,794	\$ 12,574,586	\$ 180,841	\$ 13,126,221
Less current portion	(15,000)	(840,000)	(80,374)	(935,374)
Total due after one year	\$ 355,794	\$ 11,734,586	\$ 100,467	\$ 12,190,847

At June 30, 2007, the District's long-term debt consisted of the following issues:

2005 Refunding Bonds due in annual installments of \$45,000 to \$800,000 from May 1, 2018 to May 1, 2023, interest at 3.800% to 4.050%	\$ 3,940,000
1998 School Improvement Bonds due in annual installments of \$10,033 to \$30,100, through May 15, 2013, interest at 4.761353%, being serviced by designated state aid	59,586
2004 School Refunding Bonds due in annual installments of \$720,000 to \$840,000 through May 1, 2018, interest at 2.750% to 4.000%	8,575,000
Tractor and Truck Contracts due in annual installments of \$17,303 to \$19,396 through June 26, 2010, plus interest at 3.88%	56,041
School Bus Contracts due in annual installments of \$62,400 through March 22, 2009, plus interest at 2.64%	124,800
Early Retirement Incentives	181,750
Master Teacher Incentives	38,000
Accumulated Sick Pay	151,044
Total long-term debt	<u>\$ 13,126,221</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

The requirements to amortize debt outstanding as of June 30, 2007, including interest of \$3,967,787 are as follows:

Year ending June 30,	Bonds		Equipment Loans		Early Retirement Incentives		Amounts Payable
	Principal	Interest	Principal	Interest	Principal	Interest	
2008	\$ 840,000	\$ 450,110	\$ 80,374	\$ 5,469	\$ 53,000	\$ 0	\$ 1,428,953
2009	843,975	417,568	81,071	3,124	62,250	0	1,407,988
2010	828,330	395,251	19,396	753	49,750	0	1,293,480
2011	828,562	375,487	0	0	39,750	0	1,243,799
2012	799,142	345,689	0	0	15,000	0	1,159,831
2013-2017	3,774,577	1,330,212	0	0	0	0	5,104,789
2018-2022	3,900,000	613,344	0	0	0	0	4,513,344
2023	760,000	30,780	0	0	0	0	790,780
	<u>\$12,574,586</u>	<u>\$3,958,441</u>	<u>\$180,841</u>	<u>\$ 9,346</u>	<u>\$219,750</u>	<u>\$ 0</u>	<u>\$16,942,964</u>

Accumulated Sick Pay	151,044
	<u>\$17,094,008</u>

E. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables as shown in the individual fund financial statements at June 30, 2007, were:

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 0	\$ 7,245
Latch Key Fund	659	0
2004 Debt Retirement Fund	5,191	0
2005 Debt Retirement Fund	1,001	0
Sinking Fund	394	0
	<u>\$ 7,245</u>	<u>\$ 7,245</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Interfund transfers as shown in the individual fund financial statements at June 30, 2007, were:

	<u>TRANSFERS</u> <u>IN</u>	<u>TRANSFERS</u> <u>OUT</u>
General Fund	\$ 0	\$ 167,000
Sinking Fund	0	70,000
Stadium Capital Projects Fund	70,000	0
Athletic Activities Fund	167,000	0
	<u>\$ 237,000</u>	<u>\$ 237,000</u>

Transfers are used to 1) move revenues from the fund with collection authorization to the debt service fund as debt service principal and interest payments become due, 2) move restricted amounts from borrowings to the debt service fund to establish mandatory reserve accounts, 3) move unrestricted general fund revenues to finance various programs that the School must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies.

F. Leases

The rental expense for the year ended June 30, 2007 totaled \$331.

The rental expense consists of a lease agreement on a copier. The future minimum lease payment for this lease is as follows:

<u>YEAR ENDING</u>	<u>PAYABLES</u>
2008	\$ 4,003
2009	4,003
2010	4,003
2011	4,003
2012	3,671
	<u>\$ 19,683</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

G. Designated and Reserved Fund Balance

The School has reserved or designated the fund balances as follows:

1. Food Service, Athletic Activities and Latch Key Funds
The School's policy is to show fund balances of the Food Service Fund, Athletic Activities Fund and Latch Key Fund as designated for those purposes.
2. Forestry
The board has designated proceeds from timber harvested from the school forest to be used for forestry programs and management of the school forest.
3. Debt Service
The entire fund balances of the Debt Service Funds are reserved for debt service.
4. Inventory
The General Fund balance and Food Service Fund balance are reserved for inventories to emphasize that these amounts are not appropriable for other purposes.
5. Stadium Improvements
The entire fund balance of the Stadium Capital Projects Fund is reserved for Stadium Improvements.

NOTE 4 – OTHER INFORMATION

A. Employee Retirement System

Plan Description - The District contributes to the statewide Michigan Public School Employees' Retirement System (MPERS), a cost sharing multiple-employer defined benefit pension plan administered by the nine member board of the MPERS. The MPERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPERS was established by Public Act 136 of 1945 and operates under the provisions of Public Act 300 of 1980, as amended. The MPERS issues a publicly available financial report that includes financial statements and required supplementary information for MPERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan 48909-7671 or by calling (517) 322-5103.

Funding Policy - Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves MPSERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rate for the year ended June 30, 2006, was 16.34% until September 30, 2006 and 17.74% for October 1, 2006 through June 30, 2007. The contribution requirements of plan members and the District are established and may be amended by the MPSERS Board of Trustees. The District contributions to MPSERS for the year ended June 30, 2007, 2006 and 2005 were \$910,512, \$860,479 and \$784,681 respectively, and were equal to the required contribution for those years.

The District is not responsible for the payment of retirement benefits which is the responsibility of the State of Michigan.

Other Post-employment Benefits

Under the MPSERS Act, all retirees have the option of continuing health, dental and vision coverage.

B. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2007 or any of the prior three years.

C. Sinking Fund Tax Levy

On June 10, 2002, the taxpayers approved a renewal of a sinking fund tax levy. The School is authorized to levy .4000 mills for 5 years beginning with the 2002 tax roll. The actual levy for the 2006 tax roll was .3838 mills due to Headlee rollback provisions. The Sinking Fund will be used for the repairs of school buildings. The transactions for the sinking fund are accounted for in a capital projects fund. For this fund, the School District has complied with the applicable provisions of §1212(1) of the Revised School Code and the applicable section of the Revised Bulletin for School District Audits of Bonded Construction Funds and of Sinking Funds in Michigan.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2007

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL
<u>REVENUES</u>			
Local Sources	\$ 3,298,072	\$ 3,370,430	\$ 3,368,017
State Sources	5,342,240	5,607,212	5,560,806
Federal Sources	441,185	448,934	424,327
Other Transactions	86,000	217,550	288,594
Total Revenues	<u>\$ 9,167,497</u>	<u>\$ 9,644,126</u>	<u>\$ 9,641,744</u>
<u>EXPENDITURES</u>			
Instruction			
Basic Programs	\$ 4,776,905	\$ 4,767,798	\$ 4,701,219
Added Needs	1,093,253	1,114,441	1,106,532
Supporting Services			
Pupil	429,668	527,060	501,189
Instructional Staff	105,636	118,664	115,505
General Administration	265,910	284,261	269,495
School Administration	572,474	571,043	565,196
Business	230,477	211,646	210,203
Operation and Maintenance	910,583	997,744	947,895
Pupil Transportation Services	660,527	612,055	601,919
Central Support Services	141,872	153,931	151,069
Other Support Services	0	313	0
Community Services	1,800	2,064	1,879
Prior Period Adjustments	0	48,910	49,137
Debt Service	0	87,491	87,417
Other Transactions	269,491	21,100	16,116
Total Expenditures	<u>\$ 9,458,596</u>	<u>\$ 9,518,521</u>	<u>\$ 9,324,771</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (291,099)</u>	<u>\$ 125,605</u>	<u>\$ 316,973</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out	0	(167,000)	(167,000)
Net Change in Fund Balance	<u>\$ (291,099)</u>	<u>\$ (41,395)</u>	<u>\$ 149,973</u>
<u>FUND BALANCE</u> - Beginning of Year	542,494	637,841	637,841
<u>FUND BALANCE</u> - End of Year	<u>\$ 251,395</u>	<u>\$ 596,446</u>	<u>\$ 787,814</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2007

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS		TOTAL NONMAJOR GOVERNMENTAL FUNDS
	FOOD SERVICE	ATHLETIC ACTIVITIES	LATCHKEY	2005 DEBT RETIREMENT	DURANT DEBT RETIREMENT	SINKING	STADIUM	
<u>ASSETS</u>								
Cash	\$ 77,691	\$ 2,494	\$ 11,070	\$ 249,977	\$ 0	\$ 33,420	\$ 4,553	\$ 379,205
Taxes Receivable	0	0	0	4,903	0	656	0	5,559
Accounts Receivable	273	2,500	8,425	0	0	0	0	11,198
Due From Other Funds	0	0	659	1,001	0	394	0	2,054
Due from Other Governmental Units	10,150	0	8,298	0	0	0	0	18,448
Inventory	15,399	0	0	0	0	0	0	15,399
TOTAL ASSETS	\$ 103,513	\$ 4,994	\$ 28,452	\$ 255,881	\$ 0	\$ 34,470	\$ 4,553	\$ 431,863
<u>LIABILITIES AND FUND BALANCES</u>								
<u>LIABILITIES</u>								
Accounts Payable	\$ 93	\$ 209	\$ 5,927	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,229
Salaries Payable	14,309	3,194	0	0	0	0	0	17,503
Accrued Expenditures	8,066	244	0	0	0	0	0	8,310
Deferred Revenue	0	0	0	4,903	0	656	0	5,559
TOTAL LIABILITIES	\$ 22,468	\$ 3,647	\$ 5,927	\$ 4,903	\$ 0	\$ 656	\$ 0	\$ 37,601
<u>FUND BALANCE</u>								
Reserved for Inventory	\$ 15,399	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,399
Reserved for Debt Retirement	0	0	0	250,978	0	0	0	250,978
Reserved for Stadium Improvements	0	0	0	0	0	0	4,553	4,553
Designated for Food Service	65,646	0	0	0	0	0	0	65,646
Designated for Athletic Activities	0	1,347	0	0	0	0	0	1,347
Designated for Custody and Care of Children	0	0	22,525	0	0	0	0	22,525
Unreserved, Undesignated	0	0	0	0	0	33,814	0	33,814
Total Fund Balances	\$ 81,045	\$ 1,347	\$ 22,525	\$ 250,978	\$ 0	\$ 33,814	\$ 4,553	\$ 394,262
TOTAL LIABILITIES AND FUND BALANCES	\$ 103,513	\$ 4,994	\$ 28,452	\$ 255,881	\$ 0	\$ 34,470	\$ 4,553	\$ 431,863

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES

YEAR ENDED JUNE 30, 2007

	SPECIAL REVENUE FUNDS			DEBT SERVICE FUNDS		CAPITAL PROJECTS FUNDS		TOTAL NONMAJOR GOVERNMENTAL FUNDS
	FOOD SERVICE	ATHLETIC ACTIVITIES	LATCHKEY	2005 DEBT RETIREMENT	DURANT DEBT RETIREMENT	SINKING	STADIUM	
<u>REVENUES</u>								
Local Sources	\$ 123,426	\$ 61,933	\$ 228,850	\$ 885,788	\$ 0	\$ 112,972	\$ 17,550	\$ 1,430,519
State Sources	20,832	0	0	5,220	0	934	0	26,986
Federal Sources	369,531	0	0	0	0	0	0	369,531
Total Revenues	\$ 513,789	\$ 61,933	\$ 228,850	\$ 891,008	\$ 0	\$ 113,906	\$ 17,550	\$ 1,827,036
<u>EXPENDITURES</u>								
Supporting Services								
Operation and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 122,615	\$ 0	\$ 122,615
Food Service Activities	460,913	0	0	0	0	0	0	460,913
Athletic Activities	0	228,260	0	0	0	0	0	228,260
Custody and Care of Children	0	0	252,496	0	0	0	0	252,496
Debt Service								
Principal	0	0	0	480,000	0	0	0	480,000
Interest and Fees	0	0	0	169,319	0	0	0	169,319
Facilities Acquisition	0	0	0	0	0	0	89,272	89,272
Other Transactions	0	0	0	91	0	201	0	292
Total Expenditures	\$ 460,913	\$ 228,260	\$ 252,496	\$ 649,410	\$ 0	\$ 122,816	\$ 89,272	\$ 1,803,167
Excess of Revenues Over (Under) Expenditures	\$ 52,876	\$ (166,327)	\$ (23,646)	\$ 241,598	\$ 0	\$ (8,910)	\$ (71,722)	\$ 23,869
<u>OTHER FINANCING SOURCES (USES)</u>								
Transfers In (Out)	0	167,000	0	0	0	(70,000)	70,000	167,000
Net Change in Fund Balance	\$ 52,876	\$ 673	\$ (23,646)	\$ 241,598	\$ 0	\$ (78,910)	\$ (1,722)	\$ 190,869
<u>FUND BALANCE</u> - Beginning of Year	28,169	674	46,171	9,380	0	112,724	6,275	203,393
<u>FUND BALANCE</u> - End of Year	\$ 81,045	\$ 1,347	\$ 22,525	\$ 250,978	\$ 0	\$ 33,814	\$ 4,553	\$ 394,262

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

GENERAL FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 603,535	\$ 612,852
Taxes Receivable	30,448	14,155
Accounts Receivable	15,072	9,311
Due from Other Funds	0	12,086
Due from Other Governmental Units	1,081,302	1,038,568
Inventory	16,058	19,946
Prepaid Expenditures	55,353	0
Investments	277,919	243,491
	<hr/>	<hr/>
TOTAL ASSETS	\$ 2,079,687	\$ 1,950,409
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 26,160	\$ 67,451
Due to Other Funds	7,245	0
Accrued Expenditures	389,652	407,077
Salaries Payable	728,451	714,844
Deferred Revenue	140,365	123,196
Total Liabilities	<hr/> \$ 1,291,873	<hr/> \$ 1,312,568
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for		
Inventory	\$ 16,058	\$ 19,946
Prepaid Expenditures	55,353	0
Unreserved		
Designated for Forestry	26,195	31,145
Undesignated	690,208	586,750
Total Fund Balance	<hr/> \$ 787,814	<hr/> \$ 637,841
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 2,079,687	\$ 1,950,409
	<hr/>	<hr/>

MANCELONA PUBLIC SCHOOLS

MANCELONA, MICHIGAN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources	\$ 3,370,430	\$ 3,368,017	\$ 3,282,787
State Sources	5,607,212	5,560,806	5,452,929
Federal Sources	448,934	424,327	465,585
Other Transactions	217,550	288,594	152,774
Total Revenues	<u>\$ 9,644,126</u>	<u>\$ 9,641,744</u>	<u>\$ 9,354,075</u>
<u>EXPENDITURES</u>			
Instruction			
Basic Programs			
Elementary School	\$ 1,724,972	\$ 1,717,078	\$ 1,985,183
Middle School	1,392,588	1,381,055	1,437,492
High School	1,417,504	1,414,118	1,557,158
Pre School	196,240	163,384	79,325
Summer School	36,494	25,584	12,310
Added Needs			
Special Education	835,448	828,601	839,672
Compensatory Education	278,993	277,931	325,382
Supporting Services			
Pupil			
Guidance Services	321,178	313,915	312,750
Social Work Services	180,558	168,016	159,252
Other Pupil Services	25,324	19,258	22,195
Instructional Staff			
Improvement of Instruction	1,367	1,359	27,843
Educational Media Services	89,009	87,627	130,157
Supervision/Direction of Instruction	28,288	26,519	24,085
General Administration			
Board of Education	69,874	60,617	56,339
Executive Administration	214,387	208,878	195,566
School Administration			
Office of the Principal	569,043	563,522	524,026
Other School Administration	2,000	1,674	2,748

MANCELONA PUBLIC SCHOOLS

MANCELONA, MICHIGAN

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Business			
Fiscal Services	157,214	156,468	166,675
Other Business Services	54,432	53,735	75,002
Operation and Maintenance	997,744	947,895	1,060,967
Pupil Transportation Services	612,055	601,919	630,956
Central Support Services	153,931	151,069	178,091
Other Support Services	313	0	1,169
Community Services			
Parental Involvement	2,000	1,815	1,703
Custody and Care of Children	0	0	3,016
Other Community Services	64	64	3,438
Facilities Acquisition			
Site Improvement Services	0	0	500
Architecture and Engineering Services	0	0	574
Building Acquisition and Construction	0	0	63,651
Prior Period Adjustments	48,910	49,137	1,680
Debt Services			
Principal Redemption	79,703	79,702	87,792
Interest	7,788	7,715	0
Other Transactions			
Transfers to Other School Districts	21,100	16,116	21,579
Total Expenditures	<u>\$ 9,518,521</u>	<u>\$ 9,324,771</u>	<u>\$ 9,988,276</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 125,605</u>	<u>\$ 316,973</u>	<u>\$ (634,201)</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Loan Proceeds	\$ 0	\$ 0	\$ 90,000
Transfers Out	(167,000)	(167,000)	(130,000)
Total Other Financing Sources (Uses)	<u>\$ (167,000)</u>	<u>\$ (167,000)</u>	<u>\$ (40,000)</u>
Net Change in Fund Balance	\$ (41,395)	\$ 149,973	\$ (674,201)
<u>FUND BALANCE</u> - Beginning of Year	<u>637,841</u>	<u>637,841</u>	<u>1,312,042</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 596,446</u>	<u>\$ 787,814</u>	<u>\$ 637,841</u>

MANCELONA PUBLIC SCHOOLS

MANCELONA, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>LOCAL SOURCES</u>			
Property Taxes			
Operating Millage	\$ 3,151,634	\$ 3,145,216	\$ 3,025,656
Interest on Delinquent Taxes	22,986	22,986	40,300
Commercial Forest	373	373	608
Earnings on Investments and Deposits	60,000	61,092	52,558
Vending Machine Sales	9,500	9,765	7,774
Community Service Activity	12,000	12,935	12,430
Rental of School Property	20,160	20,160	1,035
Contributions from Private Sources	34,516	34,516	29,171
Resource Center	25,886	25,886	19,048
Traverse Area Arts Council	812	813	2,438
Miscellaneous	32,563	34,275	91,769
Total Local Sources	<u>\$ 3,370,430</u>	<u>\$ 3,368,017</u>	<u>\$ 3,282,787</u>
<u>STATE SOURCES</u>			
Grants-In-Aid Unrestricted			
State School Aid			
Foundation Allowance	\$ 4,675,753	\$ 4,677,107	\$ 4,626,160
Foundation Allowance- Special Education	373,955	373,956	378,881
Grants-In-Aid Restricted			
State School Aid			
At Risk	288,056	284,673	331,859
School Readiness	205,032	172,546	96,027
Durant Settlement	14,288	14,288	14,288
Middle School Math	13,757	11,791	0
Early Childhood	4,540	0	146
Health Center	31,831	26,445	5,568
Total State Sources	<u>\$ 5,607,212</u>	<u>\$ 5,560,806</u>	<u>\$ 5,452,929</u>

MANCELONA PUBLIC SCHOOLS

MANCELONA, MICHIGAN

GENERAL FUND

ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>FEDERAL SOURCES</u>			
Grants-In-Aid Restricted			
Received from Michigan Department of Education			
Title I	\$ 286,044	\$ 277,199	\$ 273,067
Title II-A - Improving Teacher Quality	69,944	65,266	78,633
Title II-D - Technology Grant	2,609	2,609	4,742
Title V-A	2,003	2,003	4,612
Comprehensive School Reform Demonstration	0	0	21,483
Handicapped Preschool and School Program	0	0	2,580
Received from Intermediate School Districts			
Drug Free Grant	0	0	1,292
Carl D. Perkins Grant	26,468	26,468	23,532
Title IIA - Teacher Training	5,600	3,528	0
IDEA Preschool Incentive	17,847	17,847	15,581
IDEA	0	448	0
Transition Grant	0	616	0
Medicaid Transportation	346	346	0
Received from Michigan 4C Association			
Michigan 4C Equipment Grant	0	0	3,016
Received from Michigan Family Independence Agency			
Strong Families Safe Children	38,073	27,997	37,047
Total Federal Sources	<u>\$ 448,934</u>	<u>\$ 424,327</u>	<u>\$ 465,585</u>
<u>OTHER TRANSACTIONS</u>			
Transfers from Other School Districts Within the State			
Transportation and Miscellaneous	\$ 525	\$ 525	\$ 0
Special Education Millage	99,038	144,790	99,210
Other Transfers	51,217	69,745	0
Insurance Reimbursement	5,471	5,471	16,773
Prior Period Adjustment	61,299	68,063	617
Proceeds from Sale of Capital Assets	0	0	14,700
Refund of Prior Year Expenses	0	0	21,474
Total Other Transactions	<u>\$ 217,550</u>	<u>\$ 288,594</u>	<u>\$ 152,774</u>
TOTAL REVENUES	<u>\$ 9,644,126</u>	<u>\$ 9,641,744</u>	<u>\$ 9,354,075</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>INSTRUCTION</u>			
<u>Basic Programs</u>			
<u>Elementary</u>			
Salaries	\$ 1,074,600	\$ 1,068,960	\$ 1,244,097
Employee Benefits	599,857	594,536	687,346
Purchased Services	3,700	6,241	2,826
Supplies and Materials	42,359	43,550	43,942
Capital Outlay	1,556	1,555	3,221
Other Expense	2,900	2,236	3,751
Total Elementary	<u>\$ 1,724,972</u>	<u>\$ 1,717,078</u>	<u>\$ 1,985,183</u>
<u>Middle School</u>			
Salaries	\$ 850,657	\$ 846,651	\$ 868,936
Employee Benefits	490,946	488,188	485,828
Purchased Services	9,387	8,714	11,407
Supplies and Materials	35,589	32,664	68,176
Capital Outlay	2,011	2,011	1,026
Other Expense	3,998	2,827	2,119
Total Middle School	<u>\$ 1,392,588</u>	<u>\$ 1,381,055</u>	<u>\$ 1,437,492</u>
<u>High School</u>			
Salaries	\$ 849,301	\$ 843,379	\$ 951,810
Employee Benefits	484,757	491,780	526,075
Purchased Services	14,163	12,384	11,793
Supplies and Materials	58,052	58,584	48,181
Capital Outlay	800	796	3,804
Other Expense	1,431	1,016	5,757
Tuition	9,000	6,179	9,738
Total High School	<u>\$ 1,417,504</u>	<u>\$ 1,414,118</u>	<u>\$ 1,557,158</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	2007		2006
	BUDGET	ACTUAL	ACTUAL
<u>Preschool</u>			
Salaries	\$ 99,754	\$ 93,883	\$ 48,714
Employee Benefits	74,356	64,808	27,897
Purchased Services	1,280	972	891
Supplies and Materials	8,128	2,425	1,076
Capital Outlay	10,502	0	0
Other Expense	2,220	1,296	747
Total Preschool	<u>\$ 196,240</u>	<u>\$ 163,384</u>	<u>\$ 79,325</u>
<u>Summer School</u>			
Salaries	\$ 21,680	\$ 16,080	\$ 7,533
Employee Benefits	5,435	4,007	1,823
Supplies and Materials	8,035	4,440	2,265
Other Expense	1,344	1,057	689
Total Summer School	<u>\$ 36,494</u>	<u>\$ 25,584</u>	<u>\$ 12,310</u>
<u>Added Needs</u>			
<u>Special Education</u>			
Salaries	\$ 495,400	\$ 491,664	\$ 499,258
Employee Benefits	325,905	324,098	326,681
Purchased Services	4,827	4,750	2,647
Supplies and Materials	7,116	6,048	5,852
Capital Outlay	0	0	3,510
Other Expense	2,200	2,041	1,724
Total Special Education	<u>\$ 835,448</u>	<u>\$ 828,601</u>	<u>\$ 839,672</u>
<u>Compensatory Education</u>			
Salaries	\$ 160,206	\$ 164,173	\$ 173,342
Employee Benefits	99,789	96,277	102,504
Purchased Services	1,773	1,079	1,359
Supplies and Materials	17,225	16,402	16,377
Other Expense	0	0	31,800
Total Compensatory Education	<u>\$ 278,993</u>	<u>\$ 277,931</u>	<u>\$ 325,382</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>SUPPORTING SERVICES</u>			
<u>Pupil</u>			
<u>Guidance Services</u>			
Salaries	\$ 191,420	\$ 182,780	\$ 188,888
Employee Benefits	106,617	111,895	104,513
Purchased Services	226	275	310
Supplies and Materials	968	965	1,039
Other Expense	21,947	18,000	18,000
Total Guidance Services	<u>\$ 321,178</u>	<u>\$ 313,915</u>	<u>\$ 312,750</u>
<u>Social Work Services</u>			
Salaries	\$ 108,739	\$ 100,540	\$ 96,157
Employee Benefits	61,131	57,496	56,376
Purchased Services	10,086	9,587	6,501
Supplies and Materials	602	393	218
Total Social Work Services	<u>\$ 180,558</u>	<u>\$ 168,016</u>	<u>\$ 159,252</u>
<u>Other Pupil Services</u>			
Salaries	\$ 17,653	\$ 13,204	\$ 14,633
Employee Benefits	7,671	6,054	7,562
Total Other Pupil Services	<u>\$ 25,324</u>	<u>\$ 19,258</u>	<u>\$ 22,195</u>
<u>Instructional Staff</u>			
<u>Improvement of Instruction</u>			
Salaries	\$ 0	\$ 0	\$ 1,967
Employee Benefits	0	0	451
Purchased Services	1,367	1,359	24,518
Supplies and Materials	0	0	907
Total Improvement of Instruction	<u>\$ 1,367</u>	<u>\$ 1,359</u>	<u>\$ 27,843</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>Education Media Services</u>			
Salaries	\$ 55,051	\$ 54,056	\$ 80,361
Employee Benefits	26,708	27,097	37,327
Purchased Services	250	131	203
Supplies and Materials	7,000	6,343	12,266
Total Education Media Services	<u>\$ 89,009</u>	<u>\$ 87,627</u>	<u>\$ 130,157</u>
<u>Supervision/Direction of Instruction</u>			
Salaries	\$ 14,815	\$ 14,815	\$ 13,654
Employee Benefits	11,653	11,653	9,877
Purchased Services	50	0	0
Supplies and Materials	400	51	410
Other Expense	1,370	0	144
Total Supervision/Direction of Instruction	<u>\$ 28,288</u>	<u>\$ 26,519</u>	<u>\$ 24,085</u>
<u>General Administration</u>			
<u>Board of Education</u>			
Salaries	\$ 3,550	\$ 3,320	\$ 2,229
Employee Benefits	994	452	350
Purchased Services	56,830	49,519	40,176
Other Expense	8,500	7,326	13,584
Total Board of Education	<u>\$ 69,874</u>	<u>\$ 60,617</u>	<u>\$ 56,339</u>
<u>Executive Administration</u>			
Salaries	\$ 141,200	\$ 140,251	\$ 132,720
Employee Benefits	62,912	60,079	55,800
Purchased Services	6,775	6,427	4,432
Supplies and Materials	2,000	1,352	1,163
Other Expense	1,500	769	1,451
Total Executive Administration	<u>\$ 214,387</u>	<u>\$ 208,878</u>	<u>\$ 195,566</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>School Administration</u>			
<u>Office of the Principal</u>			
Salaries	\$ 312,243	\$ 311,717	\$ 297,655
Employee Benefits	200,863	200,466	176,568
Purchased Services	44,557	40,016	39,399
Supplies and Materials	6,800	6,734	5,996
Capital Outlay	450	450	0
Other Expenses	4,130	4,139	4,408
Total Office of the Principal	<u>\$ 569,043</u>	<u>\$ 563,522</u>	<u>\$ 524,026</u>
<u>Other School Administration</u>			
Supplies and Materials	<u>\$ 2,000</u>	<u>\$ 1,674</u>	<u>\$ 2,748</u>
<u>Business</u>			
<u>Fiscal Services</u>			
Salaries	\$ 90,570	\$ 90,437	\$ 99,642
Employee Benefits	58,876	58,505	59,299
Purchased Services	4,260	4,272	4,348
Supplies and Materials	3,000	2,859	2,469
Other Expense	508	395	917
Total Fiscal Services	<u>\$ 157,214</u>	<u>\$ 156,468</u>	<u>\$ 166,675</u>
<u>Other Business Services</u>			
Purchased Services	\$ 40,932	\$ 40,932	\$ 43,285
Other Expense	13,500	12,803	31,717
Total Other Business Services	<u>\$ 54,432</u>	<u>\$ 53,735</u>	<u>\$ 75,002</u>
<u>Operation and Maintenance</u>			
Salaries	\$ 278,977	\$ 279,192	\$ 269,131
Employee Benefits	214,704	214,146	194,595
Purchased Services	123,366	120,033	112,766
Supplies and Materials	374,615	328,868	348,257
Capital Outlay	2,880	2,879	131,351

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
Other Expense	3,202	2,777	4,867
Total Operation and Maintenance	<u>\$ 997,744</u>	<u>\$ 947,895</u>	<u>\$ 1,060,967</u>
 <u>Pupil Transportation Services</u>			
Salaries	\$ 223,465	\$ 222,049	\$ 234,313
Employee Benefits	252,138	249,188	258,373
Purchased Services	49,952	46,051	45,055
Supplies and Materials	83,000	80,893	81,063
Capital Outlay	0	0	7,191
Other Expense	3,500	3,738	4,961
Total Pupil Transportation Services	<u>\$ 612,055</u>	<u>\$ 601,919</u>	<u>\$ 630,956</u>
 <u>Central Support Services</u>			
<u> Staff Services</u>			
Purchased Services	<u>\$ 1,159</u>	<u>\$ 1,159</u>	<u>\$ 0</u>
 <u> Technology</u>			
Salaries	\$ 64,025	\$ 64,024	\$ 61,792
Employee Benefits	34,172	33,933	30,628
Purchased Services	18,173	16,119	42,870
Supplies and Materials	15,375	14,807	24,724
Capital Outlay	21,027	21,027	18,077
Total Technology	<u>\$ 152,772</u>	<u>\$ 149,910</u>	<u>\$ 178,091</u>
 <u>Other Support Services</u>			
Supplies and Materials	<u>\$ 313</u>	<u>\$ 0</u>	<u>\$ 1,169</u>
 <u>COMMUNITY SERVICES</u>			
<u> Parental Involvement</u>			
Other Expense	<u>\$ 2,000</u>	<u>\$ 1,815</u>	<u>\$ 1,703</u>
 <u> Custody and Care of Children</u>			
Purchased Services	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 3,016</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>Other Community Services</u>			
Capital Outlay	\$ 64	\$ 64	\$ 3,438
<u>FACILITIES ACQUISITION</u>			
<u>Site Improvement Services</u>			
Capital Outlay	\$ 0	\$ 0	\$ 500
<u>Architecture and Engineering Services</u>			
Purchased Services	\$ 0	\$ 0	\$ 574
<u>Building Acquisition and Construction</u>			
Capital Outlay	\$ 0	\$ 0	\$ 63,651
<u>PRIOR PERIOD ADJUSTMENTS</u>			
Other Expense	\$ 48,910	\$ 49,137	\$ 1,680
<u>DEBT SERVICES</u>			
<u>Equipment Loans</u>			
Principal Redemption	\$ 79,703	\$ 79,702	\$ 79,056
Interest	7,788	7,715	8,736
Total School Bus Loans	\$ 87,491	\$ 87,417	\$ 87,792
<u>OTHER TRANSACTIONS</u>			
<u>Transfers to Other School Districts</u>			
Other Transits	\$ 21,100	\$ 16,116	\$ 9,430
Intermediate School District	0	0	5,571
Miscellaneous	0	0	6,578
Total Transfers to Other Districts	\$ 21,100	\$ 16,116	\$ 21,579
 TOTAL EXPENDITURES	 \$ 9,518,521	 \$ 9,324,771	 \$ 9,988,276

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

2004 DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 499,465	\$ 177,397
Taxes Receivable	5,542	4,316
Due from Other Funds	5,191	5,301
	<hr/>	<hr/>
TOTAL ASSETS	\$ 510,198	\$ 187,014
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0	\$ 5,191
Deferred Revenue	5,542	4,316
	<hr/>	<hr/>
Total Liabilities	\$ 5,542	\$ 9,507
<u>FUND BALANCE</u>		
Reserved for Debt Retirement	504,656	177,507
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 510,198	\$ 187,014
	<hr/>	<hr/>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

2004 DEBT RETIREMENT FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>REVENUES</u>		
Local Sources		
Property Taxes	\$ 873,409	\$ 757,793
Interest on Delinquent Taxes	4,757	7,438
Earnings on Investments and Deposits	29,092	14,701
State Sources		
Payments in Lieu of Tax		
Commercial Forest and DNR	9,410	106
Total Revenues	<u>\$ 916,668</u>	<u>\$ 780,038</u>
<u>EXPENDITURES</u>		
Debt Service		
Bond Principal	\$ 285,000	\$ 285,000
School Bond Loan Principal	0	47,111
Refunding Bond Issuance Costs	0	76,809
Interest and Fees	303,968	325,286
Other Transactions	551	7,395
Total Expenditures	<u>\$ 589,519</u>	<u>\$ 741,601</u>
Excess of Revenues Over (Under)		
Expenditures	<u>\$ 327,149</u>	<u>\$ 38,437</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In	\$ 0	\$ 19,139
Proceeds of Refunding Bonds	0	4,431,047
Payment to Refunded Bond Escrow Agent	0	(4,350,775)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 99,411</u>
Net Change in Fund Balance	\$ 327,149	\$ 137,848
<u>FUND BALANCE</u> - Beginning of Year	<u>177,507</u>	<u>39,659</u>
<u>FUND BALANCE</u> - End of Year	<u><u>\$ 504,656</u></u>	<u><u>\$ 177,507</u></u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

FOOD SERVICE FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 77,691	\$ 27,922
Accounts Receivable	273	815
Due from Other Funds	0	0
Due from Other Governments	10,150	11,603
Inventory	15,399	15,774
	<hr/>	<hr/>
TOTAL ASSETS	\$ 103,513	\$ 56,114
	<hr/>	<hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 93	\$ 124
Due to Other Funds	0	0
Salaries Payable	14,309	18,237
Accrued Expenditures	8,066	9,584
	<hr/>	<hr/>
Total Liabilities	\$ 22,468	\$ 27,945
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Inventory	\$ 15,399	\$ 15,774
Unreserved		
Designated for Food Service	65,646	12,395
	<hr/>	<hr/>
Total Fund Balance	\$ 81,045	\$ 28,169
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 103,513	\$ 56,114
	<hr/>	<hr/>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Food Sales to Pupils	\$ 77,544	\$ 77,677	\$ 81,204
Food Sales to Adults	7,024	7,113	6,739
Ala-Carte Sales and Milk Sales	32,142	32,477	38,004
Other Income	4,300	6,159	7,330
State Sources			
State Aid	22,169	20,832	19,271
Federal Sources			
National School Breakfast Program	0	73,650	59,833
National School Lunch Program	319,630	245,980	210,235
U.S.D.A. Non-Bonus Commodities	25,193	24,899	21,339
U.S.D.A. Bonus Commodities	1,200	422	1,196
Summer Food Service Program for Children	26,463	24,580	24,175
Total Revenues	<u>\$ 515,665</u>	<u>\$ 513,789</u>	<u>\$ 469,326</u>
<u>EXPENDITURES</u>			
Food Service Activities			
Salaries	\$ 129,484	\$ 128,870	\$ 137,730
Employee Benefits	75,744	74,283	102,494
Purchased Services	3,050	3,987	2,871
Supplies and Materials	241,451	252,659	229,909
Capital Outlay	0	0	3,085
Other Expenses	3,339	1,114	2,436
Total Expenditures	<u>\$ 453,068</u>	<u>\$ 460,913</u>	<u>\$ 478,525</u>
Excess of Revenues Over (Under) Expenditures	<u>\$ 62,597</u>	<u>\$ 52,876</u>	<u>\$ (9,199)</u>
<u>FUND BALANCE</u> - Beginning of Year	28,169	28,169	37,368
<u>FUND BALANCE</u> - End of Year	<u>\$ 90,766</u>	<u>\$ 81,045</u>	<u>\$ 28,169</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

ATHLETIC ACTIVITIES FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2007	2006
	<hr/>	
<u>ASSETS</u>		
Cash	\$ 2,494	\$ 4,420
Accounts Receivable	2,500	194
	<hr/>	
TOTAL ASSETS	\$ 4,994	\$ 4,614
	<hr/>	
	<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>		
Accounts Payable	\$ 209	\$ 0
Due to Other Funds	0	630
Salaries Payable	3,194	3,075
Accrued Expenditures	244	235
	<hr/>	
Total Liabilities	\$ 3,647	\$ 3,940
	<hr/>	
<u>FUND BALANCE</u>		
Unreserved		
Designated for Athletic Activities	1,347	674
	<hr/>	
TOTAL LIABILITIES AND FUND BALANCE	\$ 4,994	\$ 4,614
	<hr/>	

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

ATHLETIC ACTIVITIES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Admissions	\$ 46,069	\$ 46,069	\$ 38,337
Entry Fees	5,975	6,075	5,895
Donations	9,000	8,997	1,699
Miscellaneous	800	792	1,797
Total Revenues	\$ 61,844	\$ 61,933	\$ 47,728
<u>EXPENDITURES</u>			
Athletic Activities			
Salaries	\$ 122,609	\$ 122,565	\$ 117,405
Employee Benefits	28,346	28,339	25,181
Purchased Services	24,089	24,062	18,176
Supplies and Materials	17,837	17,679	11,067
Capital Outlay	18,833	18,833	8,436
Other Expense	14,391	14,362	9,829
Transfers to Other Districts	2,420	2,420	1,593
Total Expenditures	\$ 228,525	\$ 228,260	\$ 191,687
Excess of Revenues Over (Under) Expenditures	\$ (166,681)	\$ (166,327)	\$ (143,959)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In	167,000	167,000	130,000
Net Change in Fund Balance	\$ 319	\$ 673	\$ (13,959)
<u>FUND BALANCE</u> - Beginning of Year	674	674	14,633
<u>FUND BALANCE</u> - End of Year	\$ 993	\$ 1,347	\$ 674

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

LATCH KEY FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 11,070	\$ 34,270
Accounts Receivable	8,425	7,238
Due from Other Funds	659	0
Due from Other Governmental Units	8,298	11,051
	<hr/>	<hr/>
TOTAL ASSETS	\$ 28,452	\$ 52,559
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 5,927	\$ 1,518
Due to Other Funds	0	4,870
	<hr/>	<hr/>
Total Liabilities	\$ 5,927	\$ 6,388
<u>FUND BALANCE</u>		
Unreserved		
Designated for Custody and Care of Children	22,525	46,171
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 28,452	\$ 52,559
	<hr/> <hr/>	<hr/> <hr/>

MANCELONA PUBLIC SCHOOLS

MANCELONA, MICHIGAN

LATCH KEY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Earnings on Investments and Deposits	\$ 0	\$ 160	\$ 0
Contributions from Private Sources	0	0	1,132
Charges for Child Care Services			
Private Pay			
Children, Infants and Toddlers	50,000	51,378	65,478
Michigan Family Independence Agency			
Children, Infants and Toddlers	105,000	104,982	118,183
Northwest Michigan Human Services	70,000	71,128	75,690
Miscellaneous	1,200	1,202	188
Federal Sources			
Child Care Food Program	0	0	277
Total Revenues	<u>\$ 226,200</u>	<u>\$ 228,850</u>	<u>\$ 260,948</u>
<u>EXPENDITURES</u>			
Custody and Care of Children			
Children, Infants and Toddlers			
Salaries	\$ 35,000	\$ 34,817	\$ 64,358
Employee Benefits	25,650	25,843	44,051
Purchased Services	178,030	177,846	119,273
Supplies and Materials	3,700	2,948	2,425
Capital Outlay	6,816	6,816	0
Other Expenses	4,200	4,226	3,227
Total Expenditures	<u>\$ 253,396</u>	<u>\$ 252,496</u>	<u>\$ 233,334</u>
Excess of Revenues Over (Under)			
Expenditures	\$ (27,196)	\$ (23,646)	\$ 27,614
<u>FUND BALANCE</u> - Beginning of Year	<u>46,171</u>	<u>46,171</u>	<u>18,557</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 18,975</u>	<u>\$ 22,525</u>	<u>\$ 46,171</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

2005 DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	2007	2006
<u>ASSETS</u>		
Cash	\$ 249,977	\$ 15,604
Taxes Receivable	4,903	719
Due from Other Funds	1,001	0
TOTAL ASSETS	<u>\$ 255,881</u>	<u>\$ 16,323</u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0	\$ 6,224
Deferred Revenue	4,903	719
TOTAL LIABILITIES	\$ 4,903	\$ 6,943
 <u>FUND BALANCE</u>		
Reserved for Debt Retirement	250,978	9,380
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 255,881</u>	<u>\$ 16,323</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

2005 DEBT RETIREMENT FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>REVENUES</u>		
Local Sources		
Property Taxes	\$ 865,056	\$ 261,222
Interest on Delinquent Taxes	4,677	1,674
Earnings on Investments and Deposits	16,055	3,127
Miscellaneous	0	4,596
State Sources		
Payments in Lieu of Tax		
Commercial Forest	5,220	36
Total Revenues	<u>\$ 891,008</u>	<u>\$ 270,655</u>
<u>EXPENDITURES</u>		
Debt Service		
Principal	\$ 480,000	\$ 120,000
Interest and Fees	169,319	141,217
Other Transactions	91	58
Total Expenditures	<u>\$ 649,410</u>	<u>\$ 261,275</u>
Excess of Revenues Over (Under)		
Expenditures	\$ 241,598	\$ 9,380
<u>FUND BALANCE</u> - Beginning of Year	<u>9,380</u>	<u>0</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 250,978</u>	<u>\$ 9,380</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

2005 DEBT RETIREMENT FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>REVENUES</u>		
Local Sources		
Property Taxes	\$ 865,056	\$ 261,222
Interest on Delinquent Taxes	4,677	1,674
Earnings on Investments and Deposits	16,055	3,127
Miscellaneous	0	4,596
State Sources		
Payments in Lieu of Tax		
Commercial Forest	5,220	36
Total Revenues	<u>\$ 891,008</u>	<u>\$ 270,655</u>
<u>EXPENDITURES</u>		
Debt Service		
Principal	\$ 480,000	\$ 120,000
Interest and Fees	169,319	141,217
Other Transactions	91	58
Total Expenditures	<u>\$ 649,410</u>	<u>\$ 261,275</u>
Excess of Revenues Over (Under)		
Expenditures	\$ 241,598	\$ 9,380
<u>FUND BALANCE</u> - Beginning of Year	<u>9,380</u>	<u>0</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 250,978</u>	<u>\$ 9,380</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

SINKING FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 33,420	\$ 113,193
Due from Other Funds	394	0
Taxes Receivable	656	309
	<hr/>	<hr/>
TOTAL ASSETS	\$ 34,470	\$ 113,502
	<hr/> <hr/>	<hr/> <hr/>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 0	\$ 469
Deferred Revenue	656	309
	<hr/>	<hr/>
Total Liabilities	\$ 656	\$ 778
 <u>FUND BALANCE</u>		
Unreserved	33,814	112,724
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 34,470	\$ 113,502
	<hr/> <hr/>	<hr/> <hr/>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

SINKING FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>REVENUES</u>		
Local Sources		
Property Taxes	\$ 111,033	\$ 104,554
Interest on Delinquent Taxes	603	1,021
Earnings on Investments and Deposits	1,336	5,399
State Sources		
Payments in Lieu of Tax		
Commercial Forest	934	14
Total Revenues	<u>\$ 113,906</u>	<u>\$ 110,988</u>
<u>EXPENDITURES</u>		
Supporting Services		
Operation and Maintenance of Plant		
Purchased Services	\$ 122,615	\$ 86,516
Other Transactions	201	739
Total Expenditures	<u>\$ 122,816</u>	<u>\$ 87,255</u>
Excess of Revenues Over (Under)		
Expenditures	\$ (8,910)	\$ 23,733
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfer Out	(70,000)	(30,000)
Net Change in Fund Balance	\$ (78,910)	\$ (6,267)
<u>FUND BALANCE</u> - Beginning of Year	<u>112,724</u>	<u>118,991</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 33,814</u>	<u>\$ 112,724</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

STADIUM CAPITAL PROJECTS FUND
COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>REVENUES</u>		
Local Sources		
Contributions from Private Sources	\$ 17,550	\$ 53,750
<u>EXPENDITURES</u>		
Facilities Acquisition		
Capital Outlay	\$ 88,385	\$ 75,418
Other Expenditures	887	3,047
Total Expenditures	\$ 89,272	\$ 78,465
Excess of Revenues Over (Under) Expenditures	\$ (71,722)	\$ (24,715)
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In	70,000	30,000
Net Change in Fund Balance	\$ (1,722)	\$ 5,285
<u>FUND BALANCE</u> - Beginning of Year	6,275	990
<u>FUND BALANCE</u> - End of Year	\$ 4,553	\$ 6,275

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2007

	BALANCE 7/01/06	RECEIPTS (INCLUDING TRANSFERS)	DISBURSEMENTS	BALANCE 6/30/07
Band Fund	\$ 1	\$ 0	\$ 0	\$ 1
Band Uniform Fund	129	0	0	129
Baseball	767	1,337	51	2,053
Boys Basketball	890	1,104	1,161	833
Candy Sales - 3rd - McLeod	78	1,750	670	1,158
Candy Sales - 3rd - Zimpfer	0	1,090	843	247
Candy Sales - 3rd - Nusse	40	2,016	1,397	659
Candy Sales - 3rd - Smith	0	1,725	1,037	688
Candy Sales - 4th - Southwell	441	0	441	0
Candy Sales - 4th - Elder	40	2,144	1,718	466
Candy Sales - 4th - Maue	304	2,415	1,086	1,633
Cheerleaders - J.V. and Varsity	1,586	207	1,208	585
Class of 2002	180	0	0	180
Class of 2003	277	0	0	277
Class of 2006	119	0	119	0
Class of 2007	610	1,566	2,068	108
Class of 2008	1,212	2,283	2,304	1,191
Class of 2009	1,399	1,958	1,163	2,194
Class of 2010	0	353	0	353
Cross Country Invitational	230	804	869	165
Drama	2	0	0	2
Elementary Athletic	1,030	0	520	510
Elementary Carnival	10,042	6,278	2,227	14,093
Elementary Classroom Fund	6,511	1,042	2,796	4,757
Elementary Garden Project	4,995	0	848	4,147
Elementary Library	135	4,876	3,720	1,291
Elementary M.E.F. Grants	1,096	0	1,096	0
Elementary Nutrition	323	0	0	323
Elementary Playground Project	17,542	25,957	20,988	22,511
Elementary Pop	454	0	454	0
Elementary Principal	1,618	3,134	3,194	1,558
Elementary Resource	599	8,383	7,935	1,047

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2007

	BALANCE 7/01/06	RECEIPTS (INCLUDING TRANSFERS)	DISBURSEMENTS	BALANCE 6/30/07
Elementary Social Studies	357	313	670	0
Eighth Grade	245	11,080	7,719	3,606
Female Athletics	200	0	0	200
Fifth Grade	2,379	3,590	5,529	440
Football Dinners	42	0	0	42
Gifted and Talented	1,660	6,782	6,566	1,876
Girls Basketball Fund Raising	211	1,836	1,519	528
GT Regional Foundation	82	4,000	3,950	132
High School Art Department	261	0	144	117
High School Book Club	20	0	0	20
High School Environmental Club	215	0	0	215
High School Home Economics	1,065	252	252	1,065
High School Library	917	5,608	6,146	379
High School Mexico Trip	1,144	3,751	4,888	7
High School Boys Track	307	0	0	307
Irene Erber Kids Fund	685	0	672	13
JV Softball	628	0	0	628
Locker Fund	218	0	0	218
Mancelona High School	4,173	3,747	4,025	3,895
Middle School	7,953	3,001	6,706	4,248
Middle School Band	100	2,502	2,570	32
Middle School Fundraiser	0	2,593	0	2,593
Middle School Mural	0	133	0	133
Middle School Resource	502	0	502	0
Middle School Student Council	208	352	560	0
Middle School Terrific Tuesdays	183	0	183	0
National Honor Society	11	49	0	60
Senior Video	298	0	0	298
Seventh Grade	1,774	2,020	3,198	596
Sixth Grade	938	4,126	4,770	294
Ski Club	58	0	0	58
Spanish Club	1	62	63	0

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2007

	BALANCE 7/01/06	RECEIPTS (INCLUDING TRANSFERS)	DISBURSEMENTS	BALANCE 6/30/07
Student Council	615	1,094	1,241	468
Suspense	4,394	6,101	5,114	5,381
S.A.D.D.	398	0	0	398
Theater Trip	649	22,727	22,997	379
Third and Fourth Grade	3,460	394	3,854	0
Varsity Softball	207	931	405	733
Volleyball	385	1,650	1,260	775
Wrestling	291	0	34	257
Yearbook	6,364	7,142	7,050	6,456
Young Authors	3,434	11,195	11,772	2,857
	<u>\$ 99,682</u>	<u>\$ 177,453</u>	<u>\$ 174,272</u>	<u>\$ 102,863</u>

Represented by

Assets

Cash

\$ 99,682

\$ 102,863

Liabilities

Due to Groups and
Organizations

\$ 99,682

\$ 102,863

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN
SCHEDULE OF 2006 TAX ROLL
YEAR ENDED JUNE 30, 2007

	TAXABLE VALUATIONS	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED DELINQUENT
<u>GENERAL FUND (18.00 MILLS)</u>				
<u>ANTRIM COUNTY</u>				
Mancelona Township	\$ 56,338,232	\$ 1,014,079	\$ 864,882	\$ 149,197
Helena Township	54,678,179	984,204	930,286	53,918
Custer Township	46,133,285	830,394	778,052	52,342
Chestonia Township	3,489,949	62,818	60,432	2,386
<u>KALKASKA COUNTY</u>				
Coldsprings Township	12,072,550	216,957	211,389	5,568
Rapid River Township	1,904,841	34,211	25,735	8,476
	<u>\$ 174,617,036</u>	<u>\$ 3,142,663</u>	<u>\$ 2,870,776</u>	<u>\$ 271,887</u>
<u>SINKING FUND (0.3838 MILLS)</u>				
<u>ANTRIM COUNTY</u>				
Mancelona Township	\$ 100,226,580	\$ 38,465	\$ 33,549	\$ 4,916
Helena Township	98,088,832	37,646	35,609	2,037
Custer Township	60,999,570	23,410	21,782	1,628
Chestonia Township	5,955,819	2,286	2,136	150
<u>KALKASKA COUNTY</u>				
Coldsprings Township	20,177,849	7,737	7,308	429
Rapid River Township	4,159,699	1,595	1,201	394
	<u>\$ 289,608,349</u>	<u>\$ 111,139</u>	<u>\$ 101,585</u>	<u>\$ 9,554</u>
<u>2004 DEBT RETIREMENT FUND (3.0000 MILLS)</u>				
<u>ANTRIM COUNTY</u>				
Mancelona Township	\$ 100,226,580	\$ 300,664	\$ 262,237	\$ 38,427
Helena Township	98,088,832	294,263	278,338	15,925
Custer Township	60,999,570	182,989	170,263	12,726
Chestonia Township	5,955,819	17,867	16,694	1,173
<u>KALKASKA COUNTY</u>				
Coldsprings Township	20,177,849	60,474	57,125	3,349
Rapid River Township	4,159,699	12,466	9,391	3,075
	<u>\$ 289,608,349</u>	<u>\$ 868,723</u>	<u>\$ 794,048</u>	<u>\$ 74,675</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN
SCHEDULE OF 2006 TAX ROLL
YEAR ENDED JUNE 30, 2007

	TAXABLE VALUATIONS	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED DELINQUENT
<u>2005 DEBT RETIREMENT FUND (3.0000 MILLS)</u>				
<u>ANTRIM COUNTY</u>				
Mancelona Township	\$ 100,226,580	\$ 300,664	\$ 262,237	\$ 38,427
Helena Township	98,088,832	294,263	278,338	15,925
Custer Township	60,999,570	182,989	170,263	12,726
Chestonia Township	5,955,819	17,867	16,694	1,173
<u>KALKASKA COUNTY</u>				
Coldsprings Township	20,177,849	60,474	57,125	3,349
Rapid River Township	4,159,699	12,466	9,391	3,075
	<u>\$ 289,608,349</u>	<u>\$ 868,723</u>	<u>\$ 794,048</u>	<u>\$ 74,675</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN
2004 REFUNDING BONDS
JUNE 30, 2007

<u>TITLE OF ISSUE</u>	2004 Refunding Bonds (General Obligation-Unlimited Tax)		
<u>PURPOSE</u>	For the purpose of refunding part of the District's 1978 School District bonds, dated May 1, 1978, which are due July 1, 2005, through July 1, 2007, and the 1997 School Building and Site Bonds, dated June 1, 1997, which are due and payable May 1, 2007, through May 1, 2014, inclusive, and May 1, 2018, and to pay the costs of issuing the bonds.		
<u>DATE OF ISSUE</u>	March 30, 2004		
<u>AMOUNT OF ISSUE</u>		\$	9,405,000
<u>AMOUNT REDEEMED</u>			
Prior to Current Year	\$	545,000	
During Current Year		285,000	830,000
<u>BALANCE OUTSTANDING - June 30, 2007</u>		\$	<u>8,575,000</u>

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2007		\$ 147,596	\$ 147,596	
May 1, 2008	4.00%	987,596	147,596	\$ 840,000
November 1, 2008		130,796	130,796	
May 1, 2009	2.75%	965,796	130,796	835,000
November 1, 2009		119,315	119,315	
May 1, 2010	3.00%	939,315	119,315	820,000
November 1, 2010		107,015	107,015	
May 1, 2011	3.00%	912,015	107,015	805,000
November 1, 2011		94,940	94,940	
May 1, 2012	3.20%	884,940	94,940	790,000
November 1, 2012		82,300	82,300	
May 1, 2013	3.40%	857,300	82,300	775,000
November 1, 2013		69,125	69,125	
May 1, 2014	3.50%	834,125	69,125	765,000
November 1, 2014		55,738	55,738	
May 1, 2015	3.60%	810,738	55,738	755,000
November 1, 2015		42,148	42,148	
May 1, 2016	3.75%	782,148	42,148	740,000
November 1, 2016		28,272	28,272	
May 1, 2017	3.85%	758,272	28,272	730,000
November 1, 2017		14,220	14,220	
May 1, 2018	3.95%	734,220	14,220	720,000
		<u>\$ 10,357,930</u>	<u>\$ 1,782,930</u>	<u>\$ 8,575,000</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

2005 REFUNDING BONDS
JUNE 30, 2007

<u>TITLE OF ISSUE</u>	2005 Refunding Bonds (General Obligation-Unlimited Tax)		
<u>PURPOSE</u>	For the purpose of refunding part of the District's 1997 School Building and Site Bonds, dated June 1, 1997, which are due and payable May 1, 2007, and May 1, 2019, through May 1, 2023, inclusive, and to pay the costs of issuing the bonds.		
<u>DATE OF ISSUE</u>	July 7, 2005		
<u>AMOUNT OF ISSUE</u>		\$	4,540,000
<u>AMOUNT REDEEMED</u>			
Prior to Current Year	\$	120,000	
During Current Year		480,000	600,000
<u>BALANCE OUTSTANDING - June 30, 2007</u>		\$	<u>3,940,000</u>

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2007		\$ 77,459	\$ 77,459	
May 1, 2008		77,459	77,459	\$ 0
November 1, 2008		77,459	77,459	
May 1, 2009		77,459	77,459	0
November 1, 2009		77,459	77,459	
May 1, 2010		77,459	77,459	0
November 1, 2010		77,459	77,459	
May 1, 2011		77,459	77,459	0
November 1, 2011		77,459	77,459	
May 1, 2012		77,459	77,459	0
November 1, 2012		77,459	77,459	
May 1, 2013		77,459	77,459	0
November 1, 2013		77,459	77,459	
May 1, 2014		77,459	77,459	0
November 1, 2014		77,459	77,459	
May 1, 2015		77,459	77,459	0
November 1, 2015		77,459	77,459	
May 1, 2016		77,459	77,459	0

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

2005 REFUNDING BONDS
JUNE 30, 2007

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
November 1, 2016		77,459	77,459	
May 1, 2017		77,459	77,459	0
November 1, 2017		77,459	77,459	
May 1, 2018	3.800%	122,459	77,459	45,000
November 1, 2018		76,604	76,604	
May 1, 2019	3.800%	876,604	76,604	800,000
November 1, 2019		61,404	61,404	
May 1, 2020	3.875%	846,404	61,404	785,000
November 1, 2020		46,195	46,195	
May 1, 2021	3.950%	826,195	46,195	780,000
November 1, 2021		30,790	30,790	
May 1, 2022	4.000%	800,790	30,790	770,000
November 1, 2022		15,390	15,390	
May 1, 2023	4.050%	775,390	15,390	760,000
		<u>\$ 6,104,864</u>	<u>\$ 2,164,864</u>	<u>\$ 3,940,000</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

DURANT BONDS
JUNE 30, 2007

<u>TITLE OF ISSUE</u>	1998 School Building and Site Bonds
<u>PURPOSE</u>	This bond is issued for purposes permitted in Section 1351a of Act 451, Public Acts of Michigan, 1976 pursuant to the authority granted under Act 94, Public Acts of Michigan, 1979, and a resolution duly adopted by the Mancelona Board of Education.
<u>DATE OF ISSUE</u>	November 24, 1998
<u>INTEREST PAYABLE</u>	May 15th, of each year
<u>REDEMPTION PRIOR TO MATURITY</u>	This bond is not subject to redemption prior to maturity by the School District and the School District may not issue any other bonds or obligations for the purpose of refunding this bond.
<u>AMOUNT OF ISSUE</u>	\$ 142,882
<u>AMOUNT REDEEMED</u>	
Prior to Current Year	\$ 83,296
During Current Year	0
	<hr/> 83,296
<u>BALANCE OUTSTANDING - June 30, 2007</u>	<u><u>\$ 59,586</u></u>

<u>DUE DATES</u>	<u>INTEREST RATE</u>	<u>REQUIREMENTS</u>		
		<u>TOTAL</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
May 15, 2009	4.761353%	\$ 10,034	\$ 1,058	\$ 8,976
May 15, 2010	4.761353%	10,033	1,703	8,330
May 15, 2011	4.761353%	30,100	6,539	23,561
May 15, 2012	4.761353%	10,033	891	9,142
May 15, 2013	4.761353%	10,033	456	9,577
		<hr/>	<hr/>	<hr/>
		\$ 70,233	\$ 10,647	\$ 59,586
		<hr/>	<hr/>	<hr/>

MANCELONA PUBLIC SCHOOLS

MANCELONA, MICHIGAN

SINGLE AUDIT

JUNE 30, 2007

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601

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MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

SINGLE AUDIT
YEAR ENDED JUNE 30, 2007

TABLE OF CONTENTS

	<u>PAGES</u>
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	1-2
Schedule of Expenditures of Federal Awards	3-4
Notes to Schedule of Expenditures of Federal Awards	5-6
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	7-8
Summary Schedule of Prior Audit Findings	9
Schedule of Findings and Questioned Costs	10

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August 2, 2007

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education
Mancelona Public Schools
Mancelona, Michigan

COMPLIANCE

We have audited the compliance of Mancelona Public Schools with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. Mancelona Public Schools' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Mancelona Public Schools' management. Our responsibility is to express an opinion on Mancelona Public Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Mancelona Public Schools' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Mancelona Public Schools' compliance with those requirements.

In our opinion, Mancelona Public Schools complied in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2007.

INTERNAL CONTROL OVER COMPLIANCE

The management of Mancelona Public Schools' is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Mancelona Public Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than remote likelihood that noncompliance with a type of compliance requirement of a federal program is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood that a material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mancelona Public Schools, as of and for the year ended June 30, 2007, and have issued our report thereon dated August 2, 2007. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise Mancelona Public Schools' basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of Education, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

MANCELONA PUBLIC SCHOOLS

MANCELONA, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE JULY 1, 2006	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	ACCRUED (DEFERRED) REVENUE JUNE 30, 2007	ADJUSTMENTS
U.S. Department of Education								
Passed Through Michigan Department of Education (M.D.E.)								
Title I Grants to Local Education Agencies								
Project No. 071530-0607	84.010	\$ 254,175	\$ 0	\$ 0	\$ 245,330	\$ 161,977	\$ 83,353	\$ 0
Project No. 061530-0607	84.010	21,267	0	0	21,267	21,267	0	0
Project No. 061530-0506	84.010	254,175	54,371	222,306	10,602	64,973	0	0
Total	84.010	\$ 529,617	\$ 54,371	\$ 222,306	\$ 277,199	\$ 248,217	\$ 83,353	\$ 0
Title V - LEA Allocation								
Project No. 070250-0607	84.298	\$ 2,003	\$ 0	\$ 0	\$ 2,003	\$ 1,534	\$ 469	\$ 0
Project No. 060250-0506	84.298	4,612	677	4,612	0	677	0	0
Total	84.298	\$ 6,615	\$ 677	\$ 4,612	\$ 2,003	\$ 2,211	\$ 469	\$ 0
Title II D - Technology Literacy Challenge Grant								
Project No. 074290-0607	84.318	\$ 2,609	\$ 0	\$ 0	\$ 2,609	\$ 2,609	\$ 0	\$ 0
Title II A - Improving Teacher Quality								
Project No. 070520-0607	84.367	\$ 69,944	\$ 0	\$ 0	\$ 65,266	\$ 43,266	\$ 22,000	\$ 0
Project No. 060520-0506	84.367	70,941	95	70,941	0	95	0	0
Total	84.367	\$ 140,885	\$ 95	\$ 70,941	\$ 65,266	\$ 43,361	\$ 22,000	\$ 0
Total Passed Through M.D.E.		\$ 679,726	\$ 55,143	\$ 297,859	\$ 347,077	\$ 296,398	\$ 105,822	\$ 0
Passed Through Traverse Bay Area Intermediate School District (T.B.A.I.S.D.)								
Goals 2000 - Educate America								
Project No. 4229 5	84.276	\$ 8,900	\$ (14)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14
Project No. 4229 6	84.276	3,800	(117)	0	0	0	0	117
Total	84.276	\$ 12,700	\$ (131)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 131
Carl D. Perkins Grant								
Project No. 9204	84.048A	\$ 25,000	\$ 0	\$ 0	\$ 25,000	\$ 25,000	0	\$ 0
Project No. 9205	84.048A	25,000	(1,468)	23,532	1,468	0	0	0
Total	84.048A	\$ 50,000	\$ (1,468)	\$ 23,532	\$ 26,468	\$ 25,000	\$ 0	\$ 0
Preschool Incentive								
Project No. 070460/0607	84.173A	\$ 17,847	\$ 0	\$ 0	\$ 17,847	\$ 17,847	\$ 0	\$ 0
Title II A - Improving Teacher Quality								
Project No. Unknown	84.367A	\$ 5,600	\$ 0	\$ 0	\$ 3,528	\$ 5,600	\$ (2,072)	\$ 0
Transition/IDEA Grants								
Project No. 070450/0607	84.027A	\$ 448	\$ 0	\$ 0	\$ 448	\$ 448	\$ 0	\$ 0
Project No. 070490 TS	84.027A	616	0	0	616	616	0	0
Total	84.027A	\$ 1,064	\$ 0	\$ 0	\$ 1,064	\$ 1,064	\$ 0	\$ 0
Total Passed Through T.B.A.I.S.D.		\$ 87,211	\$ (1,599)	\$ 23,532	\$ 48,907	\$ 49,511	\$ (2,072)	\$ 131

See accompanying notes

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

FEDERAL GRANTOR PASS THROUGH GRANTOR PROGRAM TITLE/ GRANT NUMBER	FEDERAL CFDA NUMBER	APPROVED GRANT AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE JULY 1, 2006	(MEMO ONLY) PRIOR YEAR EXPENDITURES	CURRENT YEAR EXPENDITURES	CURRENT YEAR RECEIPTS (CASH BASIS)	ACCRUED (DEFERRED) REVENUE JUNE 30, 2007	ADJUSTMENTS
Total U.S. Department of Education		\$ 766,937	\$ 53,544	\$ 321,391	\$ 395,984	\$ 345,909	\$ 103,750	\$ 131
U.S. Department of Health and Human Services								
Passed Through Michigan Family Independence Agency								
Strong Family Safe Children								
Project No. SFSC-06-05001-3	93.556	\$ 36,715	\$ 797	\$ 35,356	\$ 1,359	\$ 2,156	\$ 0	\$ 0
Project No. SFSC-06-05001-2	93.556	36,427	0	0	26,638	21,003	5,635	0
Total	93.556	\$ 73,142	\$ 797	\$ 35,356	\$ 27,997	\$ 23,159	\$ 5,635	\$ 0
Passed Through Traverse Bay Area Intermediate School District (T.B.A.I.S.D.)								
Medicaid Pupil Transportation								
Project No. Unknown	93.778	\$ 346	\$ 0	\$ 0	\$ 346	\$ 346	\$ 0	\$ 0
Total U.S. Department of Health and Human Services		\$ 73,488	\$ 797	\$ 35,356	\$ 28,343	\$ 23,505	\$ 5,635	\$ 0
U.S. Department of Agriculture								
Passed Through Michigan Department of Education (M.D.E.)								
Child Nutrition Cluster								
National School Lunch Program								
Section 4 - Total Servings - 061950 and 071950	10.555	\$ 34,577	\$ 0	\$ 0	\$ 34,577	\$ 34,577	\$ 0	\$ 0
Section 11 - Free and Reduced - 061960 and 071960	10.555	204,437	0	0	204,437	204,437	0	0
Snack Program - 061980 and 071980	10.555	6,966	0	0	6,966	6,966	0	0
Total	10.555	\$ 245,980	\$ 0	\$ 0	\$ 245,980	\$ 245,980	\$ 0	\$ 0
National School Lunch Breakfast Program								
061970 and 071970	10.553	\$ 73,650	\$ 0	\$ 0	\$ 73,650	\$ 73,650	\$ 0	\$ 0
Summer Food Service Program for Children								
Summer Food Meals and Admin - 060900 and 061900	10.559	\$ 24,580	\$ 0	\$ 0	\$ 24,580	\$ 18,463	\$ 6,117	\$ 0
Summer Food Meals and Admin - 050900 and 051900	10.559	16,186	7,989	24,175	0	7,989	0	0
Total	10.559	\$ 40,766	\$ 7,989	\$ 24,175	\$ 24,580	\$ 26,452	\$ 6,117	\$ 0
Total Child Nutrition Cluster		\$ 360,396	\$ 7,989	\$ 24,175	\$ 344,210	\$ 346,082	\$ 6,117	\$ 0
Food Distribution								
Entitlement Commodities	10.550	\$ 24,899	\$ 0	\$ 0	\$ 24,899	\$ 24,899	\$ 0	\$ 0
Bonus Commodities	10.550	422	0	0	422	422	0	0
Total	10.550	\$ 25,321	\$ 0	\$ 0	\$ 25,321	\$ 25,321	\$ 0	\$ 0
Total Passed Through M.D.E.		\$ 385,717	\$ 7,989	\$ 24,175	\$ 369,531	\$ 371,403	\$ 6,117	\$ 0
Total U.S. Department of Agriculture		\$ 385,717	\$ 7,989	\$ 24,175	\$ 369,531	\$ 371,403	\$ 6,117	\$ 0
Total Federal Financial Assistance		\$ 1,226,142	\$ 62,330	\$ 380,922	\$ 793,858	\$ 740,817	\$ 115,502	\$ 131

(C)

(B)

(D)

See accompanying notes

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

(A) Significant Accounting Policies Used in Preparing Schedule of Expenditures of Federal Awards

The accompanying Schedule of Expenditures of Federal Awards is prepared on the modified accrual basis of accounting and presents transactions in the same manner as reflected in the basic financial statements of the school district.

Expenditures for bonus and entitlement commodities include spoilage and/or pilferage, if any.

(B) Reconciliation of Grant Section Auditors Report with Schedule of Expenditures of Federal Awards

Current Cash Payments per Grant Section Auditors Report and Grant Auditor Report dated July 10, 2007			\$ 1,215,805
Add Items Not on Grant Section Auditors Report:			
Grants Passed Through Traverse Bay Intermediate School District	\$ 49,857		
Grants Passed Through the Michigan Family Independence Agency	23,159		
Food Distribution Program Commodities	<u>25,321</u>	98,337	
Deduct Items Included on Both Reports:			
Title I	\$ (248,217)		
Title V	(2,056)		
Title II D	(2,609)		
Title II A	<u>(43,361)</u>	(296,243)	
Deduct Items Included on the Grant Auditor Report in Error:			
Fiscal Year 2006 Payments			
Title I	\$ (167,935)		
Title V	(3,935)		
Title II D	(4,742)		
Title II A	(70,846)		
Fiscal Year 2008 Payments			
Title I	(24,312)		
Title II A	<u>(5,312)</u>	(277,082)	
Current Year Receipts (Cash Basis) per Schedule of Expenditures of Federal Awards			<u>\$ 740,817</u>

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

(C) Reconciliation of Revenues with Expenditures for Federal Financial Assistance Programs

Revenue from Federal Sources - Per Basic Financial Statements (Page 5)	<u>\$ 793,858</u>
Federal Expenditures per Schedule of Expenditures of Federal Awards	<u>\$ 793,858</u>

(D) Adjustments to Schedule of Expenditures of Federal Awards

Deferred revenue of \$131 from Goals 2000 ISD grant does not need to be repaid.

Baird, Cotter and Bishop, P.C.

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August 2, 2007

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education
Mancelona Public Schools
Mancelona, Michigan

We have audited the basic financial statements of Mancelona Public Schools as of and for the year ended June 30, 2007, and have issued our report thereon dated August 2, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Mancelona Public Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mancelona Public Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Mancelona Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Education, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

There were no prior year findings.

MANCELONA PUBLIC SCHOOLS
MANCELONA, MICHIGAN

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Section I - Summary of Auditors Results

Financial Statements

Type of auditors' report issued: Unqualified

Material weakness(es) identified: _____ Yes X No

Significant deficiencies identified as material weakness(es)? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified: _____ Yes X No

Significant deficiencies identified as material weakness(es)? _____ Yes X None reported

Type of auditors' report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported with Section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553 and 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None

Baird, Cotter and Bishop, P.C.

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August 2, 2007

To the Board of Education
Mancelona Public Schools
Mancelona, Michigan 49659

Dear Board Members:

During the course of our audit of the financial statements of the Mancelona Public Schools, we observed certain conditions, about which, we make the following comments and recommendations:

1. Condition of Accounting Records

We found the District's accounting records to be in very good condition again this year. We want to commend the business manager and payroll clerk for a job well done.

2. Cancelled Checks

As is common practice now, the District's bank does not return cancelled checks with the monthly bank statements. They do not currently provide scanned copies of the cancelled checks either. Instead, the cancelled checks can be viewed online for a limited time after the bank statement date. We understand that the bank will provide scanned copies of the checks with the bank statement each month for a fee. The Michigan Department of Treasury's uniform accounting manual requires that cancelled checks be kept with each monthly bank statement. Since new federal regulations have been issued requiring the acceptance of scanned copies of checks as a substitute for the actual checks, the scanned checks will meet the state's requirement. We recommend that the District pay the fee to get copies of all of the cancelled checks to maintain on file.

We would like to thank the board for this opportunity to be of service and the staff for their cooperation and assistance in helping us complete this engagement. As always, if we can be of any assistance to you throughout the year, please let us know.

BAIRD, COTTER AND BISHOP, P. C.

Baird, Cotter & Bishop, P.C.